The MAGAZINE of WALL STREET

February 23rd 1929 C. G. Wyckoff PUBLISHER 35 Cents a Copy

Market Outlook
Dividend Forecast
For 115 Stocks

19 Steel
15 Automobile
6 Tire
15 Motor Accessory
8 Sugar
8 Leather & Shoe
18 Merchandising
8 Chemicals
18 Agricultural, Manufacturing Railway and Building Equipment

<u>*NEW ISSUE*</u>

100,000 Shares

Empire Public Service Corporation

Class A Common Stock

The Class A Common Stock is entitled: (1) in preference to the Class B Common Stock, to cumulative dividends at the rate of $1.80 per share per annum (hereinafter referred to as preferential dividends), when and as declared, payable quarterly on the fifteenth days of February, May, August and November; (2) in each year after all preferential dividends are paid or set apart on the Class A Common Stock and dividends of $1.00 per share have been paid or set apart on the Class B Common Stock, to share equally with the Class B Common Stock on a share for share basis until the Class A Common Stock shall have received additional dividends amounting to $1.80 per share; (3) in preference to the Class B Common Stock, to receive in liquidation or dissolution up to $25 per share plus accrued preferential dividends, and thereafter to share equally with the Class B Common Stock on a share for share basis until the Class A Common Stock shall have received an additional $35 per share. The Class A Common Stock is redeemable as a whole or in part on any dividend date upon at least thirty days' notice at $60 per share and accrued preferential dividends. The Class A Common Stock is without par value and has limited conditional voting rights. The rights of the holders of the Class A Common Stock are subject to the rights and preferences of the Preferred Stock when and as issued.

Dividends are free of present normal Federal Income Tax.

CAPITALIZATION

(Upon completion of present financing)

	Authorized	*Outstanding*
Cumulative Preferred Stock (no par value)	**100,000 shares**	**None**
Class A Common Stock (no par value) (this issue)	**600,000 shares***	**100,000 shares**
Class B Common Stock (no par value)	**800,000 shares**	**327,000 shares**

The subsidiaries of the Corporation as of December 31, 1928, had funded debt of $21,345,000 and $4,553,937 of Preferred Stock (considering no par value stock at $100 per share) outstanding in the hands of the public.

*Of this amount 56,000 shares have been reserved for conversion of subsidiary company bonds.

Transfer Agent: THE SEABOARD NATIONAL BANK OF THE CITY OF NEW YORK

Registrar: THE NATIONAL PARK BANK OF NEW YORK

The board of directors has announced a policy, which is subject to change, of permitting Class A Common Stockholders at their option to apply quarterly their preferential cash dividends of $1.80 per share per annum, when and as declared and paid, to the purchase of additional Class A Common Stock at $18.00 per share.

The following is summarized from a letter written to the Bankers by Mr. Floyd W. Woodcock, President:

<u>*COMPANY:*</u> Empire Public Service Corporation, incorporated under the laws of the State of Delaware, proposes presently to acquire all outstanding common stock (except directors' qualifying shares) of Electric Public Utilities Company, all outstanding common stock (except directors' qualifying shares) and preferred stock and debentures of Southwest Utilities Corporation, and all outstanding stocks (except directors' qualifying shares) and all obligations (except $50,000 principal amount of bonds and current indebtedness) of The Home Electric Light Company, Antietam Electric Light and Power Company, The Midland Electric Light Company and The Emmitsburg Electric Company, which companies, either directly or through subsidiaries, render electric light and power, natural gas and water services in 94 communities in the States of Maryland, Ohio, Kansas, Louisiana, Oklahoma, Texas and Colorado and other States. The system will serve approximately 27,617 electric, 5,895 gas and 1,849 water customers in territories with a population in excess of 175,000. In addition there are 22 ice plants in the system, with a daily capacity of 2,055 tons, and 48 miles of interurban railway in Ohio.

<u>*EARNINGS:*</u> Consolidated earnings of the properties of the subsidiary companies to be acquired, for the twelve months ended August 31, 1928, except properties of Southwest Utilities Corporation, which are for the twelve months ended September 15, 1928 (after elimination of $106,000 non-recurring expenses as estimated by the management and including $70,000 net earnings conservatively estimated for two gas properties in Texas), after giving effect to present financing, are officially reported, as follows:

Gross earnings from all sources	**$6,021,197.42**
Operating expenses, maintenance, depreciation and taxes (except Federal Income Taxes)	**4,093,060.94**
Balance	**$1,928,136.48**
Annual interest and dividend requirements on bonds, notes and preferred stock of subsidiary companies outstanding in the hands of the public	**1,566,950.13**
Balance	**$ 361,186.35**
Annual preferential dividend requirement on 100,000 shares Class A Common Stock (this issue)	**180,000.00**
Balance	**$ 181,186.35**

The above balance of $361,186.35 is over $3.60 per share on the Class A Common Stock to be presently outstanding.

<u>*MANAGEMENT:*</u> The affairs of the Corporation and its subsidiaries will be administered by Mr. Floyd W. Woodcock, President, and other executives with excellent records in the operation of public utility properties.

Application will be made to list this stock on the Chicago Stock Exchange.

The validity of the organization of the Company and of the above issue will be passed upon for the Company by Messrs. Chadbourne, Hunt, Jaeckel & Brown, New York City, and for the Bankers by Messrs. Ropes, Gray, Boyden & Perkins, Boston, Mass. The books of Electric Public Utilities Company, The Home Electric Light Company, Antietam Electric Light and Power Company, The Midland Electric Light Company and The Emmitsburg Electric Company have been audited as of August 31, 1928, by Messrs. Lybrand, Ross Bros. & Montgomery, and the subsidiary companies of Southwest Utilities Corporation as of September 15, 1928, by Messrs. Arthur Young & Company. Valuations and engineering reports are by Day & Zimmermann, Inc., Stone & Webster, Inc., F. W. Freeborn Engineering Corporation, Messrs. Hagenah & Dorsey, Hugh R. Carter, Esq., and/or Messrs. Lucas & Luick. The above stock is offered for delivery if, as and when issued subject to the approval of counsel and subject to approval of the Maryland Public Service Commission of the acquisition of the four Maryland companies. It is expected that temporary certificates will be ready for delivery on or about Tuesday, February 26, 1929.

Price upon application

Yeager, Young & Pierson, Inc.
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Vol. 43 No. 9 **February 23rd, 1929**

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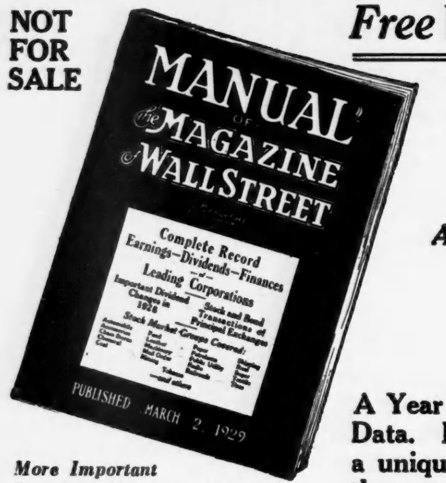

More Important than Ever Because of the New Type Markets

The MAGAZINE of WALL STREET

Announces the Publication of its Seventh Annual

MANUAL

A Year Book of Financial, Industrial, Security and Economic Data. It is a most complete and helpful Manual prepared in a unique style, that saves the investors' time and yet gives them complete information on every important industry and security.

Yearly Magazine Subscribers Can Get This Volume Free

Because of the success of this book and the enthusiastic reception given it by our subscribers, it is now published regularly every year. This Manual is not for sale and can be secured only through our FREE OFFER.

THIS volume, issued on March 2, 1929, contains in statistical and text form, information that will be invaluable as a foundation upon which to construct your business and investment program through 1929.

The contents of this Manual are prepared by experts who devote their entire time to analyzing business and investment conditions. They know what facts and comparisons will give you a basis for analyzing and forecasting business conditions and selecting profitable investments. In this new Manual we give this information in handy reference form. It also enables you to determine the comparative strength or weakness of securities in the same groups.

By publishing this Manual at the beginning of March it is possible for us to include the figures from the Annual Reports of a large number of corporations as well as preliminary annual statements. This book will be of tremendous help to every business man and investor throughout the coming year in making their investment and trading selections. Among other important features are:

MARKETS—

Stock Market Review, by E. D. King

- Comparison of earnings of all leading companies for several years past
- New Stock Listings.
- Stock Market Range for 1928.
- Dividend Changes in 1928.
- Over-the-Counter.
- Curb Market.

BONDS—

- Bond Market Range in 1928
- Bond Market Review of 1928
- Bond Financing.
- Unlisted Bonds.

DOMESTIC TRADE AND BUSINESS—

Business Review Comprehensively Covering the General Situation.

- Money and Finance.
- Commodities, Including Price Fluctuations in 1928.
- Record of Production in Leading Commodities.
- Corporation and Government Financing in 1928.
- New Industries.

SECURITIES—

Earnings and Financial Position, with Charts and Tables

- Railroads
- Public Utilities
- Food and Packing
- Investment Trusts
- Chain Stores
- Mail Order
- Automobiles
- Accessories
- Chemicals
- Leather
- Machinery
- Textiles
- Mining
- Steel
- Coal
- Oil
- Tires
- Paper
- Sugar
- Shipping
- Tobacco
- Radio and Communication

One hundred tables and charts illustrating basic conditions in important industries and fully detailed tables giving leading companies' earnings, financial position, etc., over a period of years. The charts and tables in this year's Manual are especially important, as 1928 is added, thus giving you the statistical data over the last few years. Practically every company of importance, whether listed or unlisted, is included. The data gives the investor a complete record of the growth or decline of practically every leading corporation, which will enable him to determine the real trend of the company's affairs.

The Manual of THE MAGAZINE OF WALL STREET *will give the latest obtainable official, semi-official, or other authoritative data regarding the complete year's operations in all industries, and the principal corporations. It is broader and more comprehensive than ever before.*

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WITH THE EDITORS

How Do You Manage Your Funds?

IT is reported that one of the great financial and industrial figures of America has placed his security holdings in the hands of trustees. Regardless of his reasons for so doing, his action in entrusting his investments to experts chosen for the job may be taken as proof that such scrutiny is absolutely necessary for the safety of investments. Securities must be watched constantly. As stated many times in this publication, there is no such thing as a permanently safe investment. Changing conditions require the substitution of one type of security for another. Individuals who cannot themselves supply the knowledge required for the proper supervision of their securities should lose no time in finding proper counsel.

The management of surplus funds in recent years has become more difficult than ever. Yields obtainable on sound securities are smaller and the accent these days is on enhancement in price. The common stock has now come into its own but the selection of common stocks requires information and knowledge far beyond, as a rule, the experience of the average investor. Hence, if he is to do justice at all to his funds he is compelled to seek the advice of competent authority.

More people than ever now realize that in seeking financial health they must apply to experts in the field of giving advice just as they apply to experts in medicine to cure them of physical ailments. Investment experts may at times make mistakes, for no one can be infallible, but so do physicians make mistakes and lawyers lose cases. Still, it is the average quality of the advice that counts and this the investor is entitled to expect from his investment counsel. If such advice be secured, however, the investor may rest reasonably assured that his funds will be invested in the right type of securities.

In the Next Issue

1. *Stocks with the Greatest Promise in Ten Leading Industries*

In this feature our staff has made a selection from each of ten important industries of that company which, because of industrial position, intrinsic worth and market outlook holds the greatest promise as an investment combining reasonable security with good prospects for price enhancement.

2. *Cooperation the New Note in International Banking*

The problems before the world today foster a community of interest among the nations and make cooperation among the great central banks imperative. Recent important news developments which are interpreted in this discussion already foreshadow this trend. This timely article should prove of inestimable value not only to bankers and business men but to all far-sighted investors.

Why a Swede Bought a Swamp

It was not what you'd call a beautiful piece of real estate that B. G. Dahlberg and his associates looked over and decided to purchase one day back in 1925. A flat, desolate tract, partly covered with water, with a soil black as pitch and almost as sticky when you tried to pull one foot after another through the muck.

But these men knew what they were doing. They were assured by government authorities and by most competent engineers and sugar experts that the swamp could readily be transformed into sugar plantations of tremendous productivity. The land, built up by centuries of lake overflow, deposit of silt and decay of vegetable matter, was known to be among the most fertile on earth, and ideal for the growing of sugar cane.

The Southern Sugar Company has acquired 125,000 acres of these lands, in the Florida Everglades, bordering Lake Okeechobee on the south. Through its own drainage and pumping system in addition to that of the State, it has brought nearly 40,000 acres under complete water control. It has constructed, and is operating at Clewiston, a sugar mill of 1,500 tons daily grinding capacity, and has a second mill of 600 tons daily capacity at Canal Point. The company has about 6,000 acres in cane, and planting of additional acreage is rapidly going forward, with a large fleet of tractors working day and night preparing new land for seeding. Two railroads, the Atlantic Coast Line and the Florida East Coast Railroad, have recently built extensions through the Southern Sugar Company's properties, while Lake Okeechobee and canals connecting with the sea provide water transportation.

In short, the swamp purchase has resulted in a great new industrial development, the Florida "sugar bowl", a thing of deep significance to state and nation. The story is told in an illustrated booklet which will be sent upon request.

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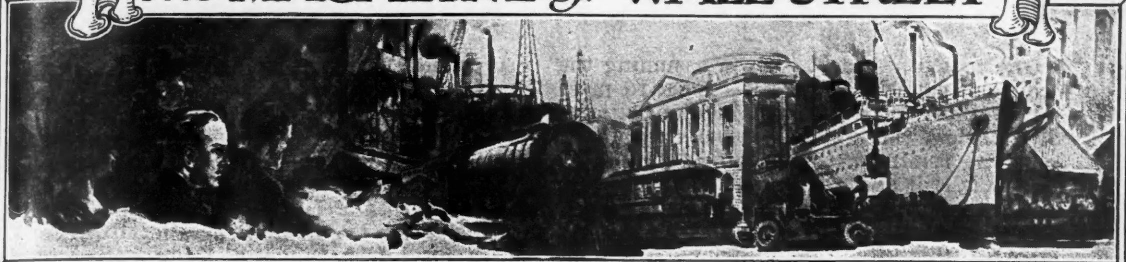
The MAGAZINE of WALL STREET



INVESTMENT & BUSINESS TREND

Attitude of Small Investor to Market—Another Side of Reparations—Business Conditions —Washington News—The Market Prospect

GRADUALLY during the past few years but especially in the past year, the investor's confidence in the demonstrated ability of the market to resist adverse circumstances has caused him to rely more and more upon the investment markets as a source of profit and, therefore, to place an increasingly large percentage of his funds in common stocks. To such an extent has this practice grown that, probably, it is safe to assert a very large proportion of the adult population, of means beyond a bare subsistance, is today committed to a more than academic interest in the varying fortunes of the stock market.

If this interest were in large part due to an intelligent conception of the relation of securities to industry and to the individual, the growth of the movement toward public participation in the stock market could not be questioned as an altogether favorable development. Unfortunately, however, a large class has grown up which has no sincere interest in security ownership but which is merely speculating, as one might in a game of chance, upon a fortuitous happening in the market. Such types naturally are bound to lose interest in stocks upon their first experience of a real break in prices. Nursing their financial wounds, sometimes for years, such persons at least temporarily become averse to risking any more of their funds in what must seem to them a more than ordinarily hazardous game. Of course, in many cases, their downfall is due to cupidity and the desire to become rich over night, so much so that all sense of proportion is lost and the victim is inevitably bound to lose his money in the first downswing of prices. It is undoubtedly true that in the present market, there are many more persons of this type than in any preceding market. Most of these are small investors, dealing in odd lots upon as scanty a margin as the broker will permit. Enthusiastic beyond all reasoning power, it will take merely the first deluge to quench their appetite for stocks.

* * *

REPARATIONS

THE forthcoming series of conferences between the bankers and officials of a number of leading European nations and the United States relating to a settlement of the German reparations problem, it is hoped, will provide an adequate solution of the problem which has vexed the world for years. Yet, in the opinion of some qualified people, even if the outcome is as favorable as the most optimistic Germans expect it to be, there is a question whether the settlement of the problem will not bring in its wake another problem, perhaps even more serious in its implications. Whichever way the Reparations problem is settled, it is an inescapable conclusion that the German nation for many years will be compelled to

1907 Business, Financial and Investment Counselors "Over Twenty-One Years of Service" 1929

face a staggering debt. Even assuming the economic capacity of the Germans to meet the forthcoming terms of the Reparations, nevertheless the way will be opened for a constant reminder to an important nation that it is still in a position of economic subserviency to the nations which conquered it in war. It is very much of a question whether this situation will not arise some day to perplex European statesmen. If the Germans were able to pay their debt immediately, it would allow them to forget the war in a relatively short period. But the necessary extension of payment over so many years, no matter in what form, may well prove to be a load too heavy for not only Germany but all of Europe to carry.

* * *

BUSINESS CONDITIONS

At the approach of the third month of the year, it is clear that there has been no let-up in the pace which business has set for so long a period. Practically all the basic industries report themselves in a satisfactory position with volume of production and sales at or near record figures. Railroad loadings clearly indicate the extent of prosperity. Earnings of leading corporations for 1928 show a new high figure in many cases and it is probable that the total income of the nation in the past year exceeded anything in history, even that of the brilliant 1926 year. It is still too early in the year to forecast for the entire year with any expectation of reasonable accuracy but from present appearances, it seems that business will enter the Spring months in good position.

* * *

WASHINGTON NEWS

The wires between New York and Washington are carrying little encouragement for the bulls in this market—in rather strange contrast to the Coolidge "expressions of prosperity" which furnished so much impetus marketwise last year. From the Federal Reserve Board at Washington, comes a letter of policy to member banks pointing out that the funds of these institutions (some of which are heavy borrowers at the central banks) are finding their way into the stock market via round-about paths. To the press goes a statement of dire warning that these practices must cease; urging at the same time the remedy of more rigid scrutiny of their loans by the member banks. On the floor of the Senate rises the heated declaration of Senator Heflin that "Wall Street has become the most notorious gambling center in the universe" followed by the adoption of a resolution asking the Federal Reserve Board for suggestions as to how to check "illegitimate and harmful speculation." In the House, at the same time, an inquiry is begun into the alleged conferences on international banking policy between Governor Montague Norman of the Bank of England and officials of the Federal Reserve banks. The Federal Reserve Board announces that it has another statement to make to the public, and, with nervous tension heightened in Wall Street over a rate increase, postpones its announcement without further explanation. This is a sample of one week-end of Washington news, which either by intent or otherwise finally got on the nerves of the stock market and induced considerable liquidation. The nation now begins to wonder whether Congress will actually take steps to curb its national indoor sport, or whether all this Washington "news" is merely political gesturing. In any event, when Mr. Coolidge packs up and leaves the White House, the expressions of regret that one might hear in the financial district are apt to be a good deal more sincere than is generally attributed to such formalities.

* * *

THE MARKET PROSPECT

The Federal Reserve may be credited with having drawn first blood in its renewal of the attack upon the speculative stock market, by working upon the public psychology. But while the list proved susceptible to the threatening attitude of the banking authorities, the retreat of the bull forces has been conducted in very orderly fashion. Liquidation has produced few wide open breaks. It goes without saying that the more volatile speculative stocks should continue to be scrupulously avoided, since the brunt of further readjustment must fall upon this group. The support being accorded stocks well protected by earnings and improving business prospects, on the other hand, is an encouraging feature of the situation. Though the market has not yet shown definite indications of approaching a level of stability, from which a recovery may be expected to develop, holders of intrinsically sound stocks need entertain no serious qualms respecting the ultimate outcome of the Federal Reserve's attempt to control an obviously difficult money market.

Monday, February 18, 1929.

Will La Salle Street Rival Wall Street?

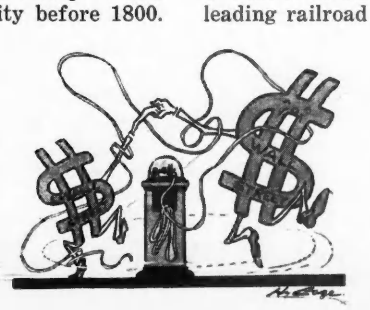
Close to the Center of Population, at the Head of a Vastly Productive Area and as a Rising Factor in Banking and Finance, Chicago May Well Become the Leading American Metropolis. A Stirring Story of the Potentialities of Our Second Greatest City

By Theodore M. Knappen

RENE ROBERT CAVALIER, Sieur de La Salle, introduced speculation and commerce to the shores of Lake Michigan in the summer of 1679. Intimately associated at the start, they have continued so ever since in that mid-western land. La Salle was on safe ground commercially when he dispatched the 45-ton bark *Griffin* from Green Bay, laden with rich furs to discharge his outfitting debts at Montreal, but he was speculating on wind and waves—and lost. The *Griffin* was never heard of again. Not for a hundred years have beaver skins been the medium of exchange in La Salle's Mississippi empire, but the great western street of the money changers is named for him and in it fortunes, many times as great as he lost when the *Griffin* went down, are made and unmade every minute.

The Metropolis of the Continent

It was La Salle's conception that New France must be built on the solid foundation of the wealth of the mid-continent. The modern men of his street believe that it is only a question of time until that street will succeed Wall Street in the leadership of the control of America's wealth. That belief is a corollary of the proposition that Chicago is destined to succeed New York as the metropolis of North America. Perhaps you smug New Yorkers do not know that there are people in Chicago who believe that their city will surpass New York in population about 1955. You smile. So did Philadelphians in 1750 when it was predicted that New York would overtake their city before 1800. So, no doubt, did Venice scoff at Antwerp, and Antwerp at London; and so does London (a little weakly, now) patronize New York. We might go back to Babylon, Nineveh and Constantinople for other instances of the changes wrought by the westward course of empire. Perhaps the course has reached its end—but Chicago does not think so. Certainly empire has moved rapidly westward in the last hundred years—and Chicago is only a hundred years old.



Important Productive Area

The United States now has 125,000,000 people, and roughly speaking, half of them are west of Chicago; the center of population as well as the median point of population and the center of manufactures are only a short distance south and east of Chicago. It dominates the Mississippi Valley. That valley produces 76 per cent of the entire American production of wheat, 66 per cent of the soft coal, 47 per cent of the lumber, 70 per cent of the cotton, 55 per cent of the wool, 69 per cent of the petroleum, 94 per cent of the iron ore, 85 per cent of the corn, 81 per cent of the hogs, 52 per cent of the sheep and 74 per cent of the cattle. Two-thirds of the entire mineral production of the country are in the great valley or westward. At least one-half of the pig-iron output is in Chicago territory.

As a manufacturing city Chicago ranks second only to New York and is steadily gaining on the larger city. If the east north central, west north central, west south central, mountain and Pacific states be taken as Chicago territory, and the rest of the states as New York's, the two cities are about tied in the present manufacturing output of their trade territories. Chicago dominates as the distributing center for wool, hides and meat products. It is important as a distributor of grains; its miscellaneous distribution is enormous. With 38 railroads entering it, and 175,000 of the nation's 250,000 miles of railways in its territory, it is the world's leading railroad center.

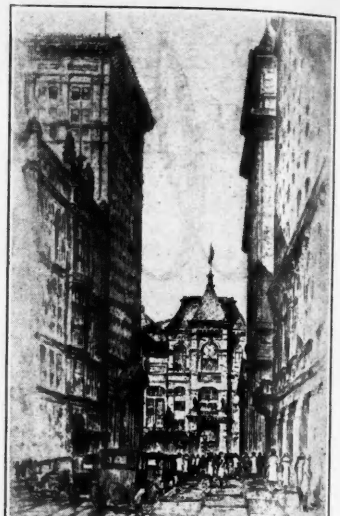
To its land-transport advantages of being near the center of population and industry and much nearer the territorial center of the country than New York, the big western city has a measure of Great Lakes commerce to offset New York's ocean-borne commerce superiority. Moreover, the approaching opening of the Great Lakes to world shipping through the St. Lawrence route will make Chicago an

—At left.

WALL STREET at Broad. The house of Morgan in the centre.

—At right.

LA SALLE STREET. The building at the end of the street is the Old Board of Trade which is being replaced with a new forty-four story building.



Etchings by Anton Schutz

ocean port. The advantage of being near the center of population will be more important in the future as the density of population in the Mississippi Valley increases. When the United States reaches its population maximum the major part of its people will be found in the Mississipi Valley.

The foregoing is merely a presentation of some of the points in Chicago's contention that it is destined to be the American metropolis not only in population but in industry and commerce. It is not necessary to state here the other side—the New York side. Nor is it certain that even if Chicago become the leader in industry and commerce it will also achieve the leadership in finance. But certainly Chicago is on the way.

Greater Position Warranted

Indeed, it is surprising that Chicago is still such a poor second to New York in financial dominion, when its proud position in industry and commerce are considered.

One reason is that a new and developing region is always more intent upon tangible than upon intangible wealth. Money is there more of an instrument of achievement and less of an end in itself than in older countries; more of a medium and less of a commodity. The money merchant is an incident rather than a controlling factor. Men do not center their ambitions on money as such but rather on property. People think less of money than of what they purpose to do with it in acquiring substantial wealth. Similarly with stocks and bonds; they are not considered wealth in themselves any more than deeds and mortgages. Men buy and sell land rather than deeds and mortgages. So, in a new country they do not incline to deal in bonds and stocks as such any more than in deeds and mortgages as such. Men's imaginations are ruled by the solid property instead of by the evidence of its ownership.

Again, in a new country management and control are directly associated with personal ownership. There is no large class of ownership of stocks and bonds diassociated from actual conduct of the business. Everybody has his money in his own business and when he borrows he borrows for that business. The average man has no accumulations that he can lend. There are few real accumulations of surplus capital, either large or small. Consequently, investment banking is virtually non-existent, and the banking talent of the community is entirely concerned with commercial banking; that is, with banking that relates to current transactions of business instead of banking that is concerned with the ownership, manipulation or control of business. The banker is the servant and not the master of business.

So, for a long time a new country, no matter how great its wealth, its population and its prosperity depends for its rapid expansion upon older countries. It produces captains of industry but none of finance. In this stage its growth actually contributes to the growth of its rivals. The marvelous enrichment of the United States during the nineteenth century had no small part in making London the world's undisputed financial center. Throughout that century America was a borrower, as a whole, and the West was always borrowing in the East. The more Chicago grew and prospered the more it contributed to giving New York the hegemony of American finance. This process is still going on. Even notable accumulations of capital in the West did not help Chicago much as a financial center in the broader sense, because it had no investment banking organization. Western investment funds were either carried to New York by their comfortable possessors, who transferred themselves and their funds to the fascinating metropolis, or were sent there, because that was the place where funds were a commodity. So it came about that while the rest of the country overwhelms New York with its presence of tangible wealth that city has become disproportionately the center of ownership and distribution of the evidences of wealth.

Commodities or Stocks?

The attachment of the producers of wealth in a new country to commodities rather than to evidences of ownership is reflected in speculation. Until the great revolution of popular interest throughout the country towards stocks and bonds, your western speculator was preoccupied with speculation in products. To the Westerner, until quite recently, market speculation meant the grain and provision markets. So, while Chicago had little to show in the way of a stock market it had its colossal Board of Trade to boast about. When western people wanted to take a flyer in the market they thought wheat instead of shares. New York may boast of its nine-trillion (or whatever it is) annual turnover in the stock market, but Chicago boasts of its 18,000,000,000 bushels turnover in the grain futures market—ample playground for adventurous bulls and bears;

the favorite, in fact, for the man who likes to play that he is buying goods instead of mere pieces of paper or an option on them. Characteristically, Chicago speculates in goods and New York in possible evidences of goods. But Chicago's goods are transient consumers' goods, whereas New York's pieces of paper stand for permanent producers' goods.

Investment banking contributes to the New York Stock Exchanges, and they in turn contribute to investment banking. Thus the immense interest Americans have developed in securities since the world war has added to New York's leadership as the financial center, because it was the pre-eminent place to create securities through the large number of factories of such products (investment banking houses) and it was the outstanding place to deal or speculate in them because of its exchanges. The Stock Exchange also fertilized the New York banking investment field because unemployed commercial money poured into Wall Street from all over the country to enjoy the call money market method of keeping your cake and eating it too.

Growth of Investment Banking

But with the rapid accumulation of capital all over the country in recent years, there has grown up, parallel with the interest in New York's national stock market, an interest in local stocks and bonds. The local investment banker has begun to wax great and local stock exchanges have appeared or expanded. Chicago's investment bankers,

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Chicago Grain Traders Turn to Securities

A Special Statement to The Magazine of Wall Street

BY EDWARD JEROME DIES

Member of the Chicago Board of Trade

ONE of the factors that inspired the Chicago Board of Trade to turn to securities trading was the continued growth of Chicago as a financial center and an increasing demand in the Middle West for greater trading facilities of this character.

Authorities in city planning have asserted Chicago will have the largest population of any city of America in twenty-five years. And its financial leadership, necessarily of slower development, is expected to be speeded notably by the Board's move.

Haste, always associated with the exchange's activities in the layman mind, has been absent throughout the development of carefully laid plans for the new venture.

On the contrary, a thorough survey of all phases of the situation was completed long before the decision to trade in stocks and bonds was reached. As a result of this deliberation, when the question was put to a ballot of the members they voted seven to one to launch the securities market.

This membership approval immediately was backed up by a substantial appropriation to carry out the necessary preliminary work.

A temporary committee, which functioned successfully, was replaced later by a permanent committee which consists of the president of the exchange, Samuel P. Arnot, chairman; Thomas Y. Wickham and Silas H. Strawn.

Mr. Strawn, also counsel for the Board of Trade, is a former United States delegate in Chinese affairs, chairman of the Board of Montgomery, Ward & Company, and a past president of the American Bar Association.

Numerous conferences have been held with officials of various other exchanges. Plans have gone forward rapidly without the sacrifice of thoroughness.

Fundamentals on which the preliminary work has rested, and which will be permanently observed, are that only high grade securities will be listed for trade—and these, only when formally listed by officials of the corporation which has issued them.

The same rigid rules followed by the New York Stock Exchange will be observed by members of the Board of Trade.

Interest in the commodity market's development of a stock and bond department is continually emphasized by the question: "When will the Board begin trading in securities?"

Officials have consistently refused to hazard an answer to this query. As one officer pointed out:

"If the announced opening is too far removed—there will be disappointment; if too close, and trading should fail to start on time, there will also be disappointment."

The work of creating a securities market is under the able leadership of Mr. Arnot, just beginning his second term as president of the Board. He already has one such success to his credit.

He is responsible for creation of the Board's cotton market which, in the four years of its operation, has inaugurated cotton trading features other exchanges, of much longer life, have found wise to follow.

It is to the credit of President Arnot's leadership that a membership in the Board, selling now at a price approximating $45,000, admits the holder to trade in wheat, corn, oats, rye, barley, provisions and cotton—with securities trading shortly to be added and included.

One feature of the Board's decision to trade in securities is that the step is taken in the face of radical legislation with which all commodity exchanges have been pounded in recent years.

In view of these attacks, which the exchanges have considered unwarranted and which they have weathered, some freedom from political assaults and threats naturally would be welcomed.

With a securities division added—and some other exchanges in the grain belt are planning to follow the Chicago Board's leadership, a measure of freedom from political dominance is foreseen. At least one part of the exchange will be freed from the thrusts of agrarian agitators.

Today, the old home of the Chicago Board is almost leveled as wreckers prepare the site for a 44-story building in which all departments of the exchange will be housed.

The new building, ready for occupancy in fifteen months, will be "Chicago's tallest." Its vast ground

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Concentrated Investment Trust Buying a Stock Market Tonic

By Ferdinand Otter

DUE largely to the inadequacy of official information concerning their operations, the investment trusts play a sort of a "mystery role" in the present stock market. In spite of the cloud of secrecy that is thrown around the activities of these trusts, however, many observers contend that investment trust money—a huge sum of joint capital contributed by thousands of investors—is one of the most important influences in the current market movement. It is the purpose of this article to analyze the logic of this observation.

At the outset, it must be recognized that the investment trust is an institution transplanted only recently from England, the acclimatized habits of which remain to be developed; and that its present day influence on the British securities markets hardly is analogous to the influence it is exerting in New York during the period of early growth. The very newness of the management trust in this country makes an examination into its operations as important as it is difficult. Initial purchases are being made; policies are being worked out; and the statistical data available on which generalizations must be based is at once incomplete and unorganized.

Remarkable Growth of Investment Trusts

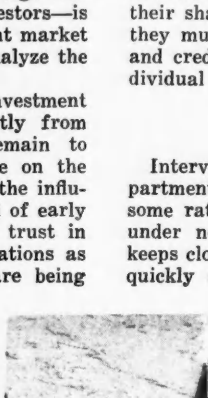
Before the war, the average American investor had never heard of an investment trust. Seven years ago only a handful had been organized on this side of the water, and most of them were small. At the beginning of 1928, however, American investors had supplied close to a billion dollars for the organization and maintenance of the institution. During the past thirteen months, experts estimate, the fund has increased 100% to something over two billion. Of this more than a billion dollar increase, at least half has occurred since the end of last October.

Equally important has been the trend of this growth. The first investment trusts, or investing companies, were relatively small organizations hedged in by limiting charters and trustee agreements—most of them so-called "fixed trusts." During the past year, 90% to 95% of the development, as measured by capital investment, has been in the "management trust" field. These management trusts are operating under charters giving the directors or trustees rather wide discretion in the making of commitments and in the switching of funds. Moreover, a number of the companies of recent formation are in the hundred million dollar class, sponsored by banking houses of the highest order, and having at their command almost unlimited financial resources. They maintain statistical organizations second to none in the world, frequently have at their command intimate market information held not even by the best informed commission houses in The Street, and employ in their buying and selling departments some of the best trading talent in New York.

Being human institutions, they frequently are representatives of very different schools of thought and develop divergent policies; but their size is such that they always must exert a tremendous influence on market trends. They are in the business of trading in, and of investing in, securities for profit as well as for income. In order to give their shareholders the best possible return on their money, they must analyze the psychology of The Street, business and credit trends, and long range prospects as well as individual corporations, bonds and stocks.

Large Percentage of Assets Liquid

Interviews with men in close touch with the buying departments of some of the larger management trusts reveal some rather startling information. They insist that even under normal conditions, the average management trust keeps close to 10% of its total assets in cash, call loans and quickly salable government securities. They assert that some of the biggest trusts were heavy sellers on balance during the months of December and January, and have been accumulating big cash balances in preparation for a break. They maintain that some of the big investing companies sponsored by important banking houses, and more recently organized, were between 50% and 60% liquid at the beginning of the February break. Most important of all they estimate that at the beginning of February investment trusts were loaning between $400,000,000 and $500,000,000 in the call market. This would mean that the management investment trusts must be close to 25% liquid.



If these men are right in their deductions and there seems every reason to feel that they are right in principle at least, the Federal Reserve authorities probably are aware that a substantial part of the "loans for the account of others" item in the weekly reports of brokers' loans are directly traceable to the investment trusts. The question, therefore may pertinently be asked, what is going to happen in the call loan market when the investment trusts finally decide that stocks are cheap enough to buy?

Strategic Buying Position

Unless call funds come into the market from some other source, or the demand for call funds falls off very decidedly, call money is not going to decline in price as rapidly as stocks go down. Anyone who knows anything about the law of supply and demand realizes that a contraction of as much as 10% in the supply of any service or commodity makes a good deal of difference in its price.

Thinking this matter through, does it not seem that these investment trusts are in position to demand pretty good terms in making their purchases? When they want to buy stocks they will have to withdraw from the call markets. This will increase

THE canyons of Wall Street are filled these active days with numerous and contradictory accounts of how the two billion dollars of "investment trust money" is supporting or handicapping (if you hold that view) the stock market. This article, therefore, provides an important contribution to a timely subject.

THE wide scope of investment trusts is indicated by the following facts: They control investment assets of close to two billion dollars. At present, they are estimated to be loaning all the way from 350 million to 500 million dollars in the call money market. The managements of investment trusts are connected directly with the biggest and most important banking houses operating in every field. Their buying has greatly reduced the floating supply of high grade investment stocks, and stimulated many individual market movements.

money stringency and thus force down the price of stocks. Thus they should be able to buy in a declining market. How many people in Wall Street realize their strong strategic position? To what extent will they work in conjunction? They are not unfriendly to one another, and the big ones number among their managers the "real insiders of Wall Street."

The present situation in the securities markets, everyone agrees, is more pathological than normal; and the present situation in investment trusts, if the well informed people interviewed have estimated it accurately, is peculiarly strategic to take advantage of this unusual set of circumstances. Possibly those who have been buying investment trust stocks recently have a pretty good idea of just what they are about.

Selected from the Winter Crop

A Few New Investment Trusts

Organized or planned since Oct. 1, 1928

Name	Approximate Total Assets
Goldman-Sachs Trading Corporation	$104,000,000
Petroleum Corp. of America	100,000,000
Selected Industries, Inc.	90,000,000
Prudential Investors, Inc.	75,000,000
U. S. & International Securities	60,000,000
Tri-Continental Corporation	25,000,000
American International (new bond issue)	25,000,000
American & General Securities	16,000,000
Second General American	15,000,000
Insull Utility Investments	12,000,000
Chain Store Stocks, Inc.	11,250,000
Haygart Corporation	10,500,000

Buying Habits of Trusts

Assuming that investment trusts generally are in a highly liquid state at the moment, or at least in a more liquid state than the public generally realizes, it is important to examine their buying policies and habits. Here again we must be on guard against too inclusive generalizations. Like individual investors, investment trust managers differ in preferences, vary in temperaments, have different sources of information and diversified standards of conservatism in operations.

In general, the investment trust manager, knowing himself to be a trustee for the funds of others, in theory if not in fact, cannot buy a highly speculative stock unless he has some good reason for thinking that a change is taking place in the company's affairs which will render the issue much less hazardous than it appears to be on the surface. Furthermore, he will keep a substantial part of his funds in conservative stocks and bonds. Some trusts are known to have definite rules about diversification. For instance, they may aim to keep 25% in good bonds, 40% in the highest grade industrial, rail, utility and bank stocks, 20% in second grade dividend-paying issues and 15% in cash and highly speculative issues. Some trusts are limited to special issues such as the petroleum or aviation stocks (incidentally, close to 50% of all aviation issues are said to be actually or potentially investment trust owned), others to utility stocks, and still others to bonds. No rule can be set down as to just what investment trusts in general will buy.

Some Investment Trust "Favorites"

Actually, the investment trust managers have shown a marked preference for such high grade issues as International Business Machines, National Biscuit, General Electric, American Telephone, Consolidated Gas, International Telephone, General Motors, Packard, Nash, Eastman Kodak, New York Central, Baltimore & Ohio, Union Pacific and stocks in their class. As everyone in Wall Street knows, investment trust buying has been an important factor in reducing the floating supply of stocks of this type. Frequently investment trust buying in stocks like American Telephone has started market movements which have been erroneously attributed to pools and syndicates.

But the more interesting, and perhaps more significant type of investment trust buying occurs in another grade of issues. A big banking house or an investment trust statistical department discovers a neglected opportunity in an obscure stock, analyzes the situation and its possibilities and proceeds to interest the trust manager. He willingly takes a "long pull position" in a few thousand shares, his buying frequently giving the stock just the "tape advertising" it needs to start public interest in the issue. Hundreds of examples of this kind of buying could be cited, among them the good buying which came into Niles-Bement-Pond before the general public began to realize the aviation possibilities in the issue.

Through their banking house affiliations, investment trusts frequently obtain first hand information concerning the offering of subscription privileges, stock dividend and dividend increase intentions of boards of directors, earning trends, new contracts obtained and merger plans; and many investing companies, through express provisions in their charters, are permitted to take part in underwritings, stock and bond syndicates and organized market operations.

More Intelligent Investing

In fact, the operations of well managed investment trusts bear rather definite witness to the tremendous strides which are being made in these times in the science of intelligent investing. The most significant and lasting development of the past few years has not been the big rise in the market or even the unprecedented increase in the public's interest in the securities markets, but rather the higher standard of financial literacy which has been built up. Never before has there been such a wealth of material for the investor to study, and never before has so much of the material been reliable and significant. Statisticians are better informed, better paid, more respected and more

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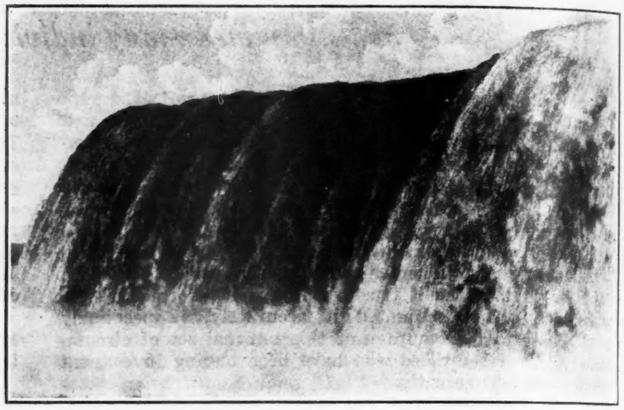
Superpower Advances on the East

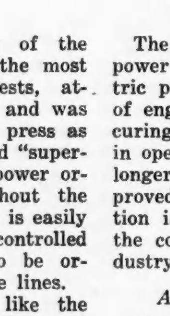


Recent Acquisitions of Substantial Interests in Leading Eastern Utilities to Constitute Nucleus of Giant Interconnected System Embracing the Eastern States—What It Means to Public Utility Investors

By H. J. KNAPP

THE recent organization of the United Corporation, by the most powerful banking interests, attracted wide public attention and was quite generally hailed by the press as a new development in so-called "superpower". One giant electric power organization operating throughout the eastern section of the country is easily visualized, perhaps with the controlled group of operating units to be organized ultimately along state lines.

The United Corporation, like the American Superpower Corporation and other similar enterprises, is organized as a holding company and may perhaps be properly characterized as a "super" holding company. Its present purpose, so far as announced, is to acquire a minority interest in United Gas Improvement Company, Public Service Corporation of New Jersey, and Mohawk Hudson Power Corporation. This set up is probably only the nucleus of the final scope of the organization and it is easy to speculate upon the later acquisition of Associated Gas and Electric Company, and, through it, of General Gas and Electric Corporation, and other interests with properties in the same power zone.



A Matter of Engineering

All this brings forcibly to mind questions as to what "superpower" really means —also what it does not mean—and its purposes, results and limitations. The investment possibilities of securities offered to the public by organizations of this type must also be considered.

The fundamental principle of superpower is the interconnection of electric power systems, entirely a matter of engineering, for the purpose of securing greater economy and efficiency in operation. Such advantages are no longer matters of theory but have been proved in operation, and interconnection is today an important factor in the conduct of the electric power industry.

Advantage of Interconnection

Numberless concrete examples of the successful application of the interconnection of electric generating plants could readily be cited and the resulting annual savings demonstrated on a dollar basis. It often happens that steam generating plants and hydro-electric stations are located in the same zone. One or the other may find it necessary to provide additional capacity in order to assure a sufficient reserve to care for temporary peak loads or to guard against emergencies such as an enforced shut down of part of its equipment. The neighboring plant may have a capacity more than adequate for its maximum needs, or the periods of peak load requirements on the two systems may not coincide in point of time. In either case a comparatively inexpensive transmission line connecting the two plants may make available to each an adequate reserve without the construction of a costly additional plant.

In many cases where hydro-electric and steam plants have been interconnected widespread loss and inconvenience have been saved by avoiding shut downs of industrial plants along the lines by reason of power failure. Where droughts have forced hydro plants out of commission the reserve capacity of the connected steam plants has often made possible a continuation of regular service. Conversely where a failure in the coal supply has occurred by reason of strikes or transportation troubles the connection with a hyro-electric neighbor has operated in a similar manner.

By means of high voltage lines electrical energy has been successfully relayed from station to station so that a reserve supply originating in a far away zone is made available at a great distance. For example there may be reserve capacity in Canada and a temporary shortage in Georgia at the same moment. Assuming the existence of an unbroken chain of interconnected systems lying between, none of which for the time being possesses surplus capacity, energy may be borrowed by each system from its northern neighbor thereby permitting it to pass on to the adjoining system to the south part of its own development until the deficiency in Georgia is made good without a shortage anywhere along the line. although energy actually originating in Canada may ever reach the southern extremity of the interconnected units.

Hydro-electric Plants Usually Cheaper to Operate

Ordinarily well located hydro-electric plants although often very costly to build and frequently requiring the construction of expensive dams and reservoirs for the impounding of reserve water supplies and extensive transmission lines to reach markets at

distant industrial centers are cheapest in actual operation because of low requirements for labor and supplies. It is important that these costly plants be operated steadily and as nearly as possible at their maximum capacity to reduce to the lowest possible point the actual cost of the current generated.

The next lowest cost type of generating unit, generally speaking, appears to be the large steam plant located at tidewater or adjacent to a large river or lake affording transportation of coal by barges at low cost with unlimited water for condensation purposes always available.

Where Economy Exists

Although subject to exceptions the greatest economies from interconnection of units of these types usually result from the continuous operation of the hydro-electric plant at full capacity while the steam plant supplies any additional current regularly needed and makes up temporary and emergency requirements of all sorts. Costs, depending in large measure on expenditures for labor and supplies, vary more directly with the rate of operations in plants of this type than in hydro-electric units.

The above discussion indicates along broad lines the meaning of the term superpower and suggests some of the methods employed and some of the results attained. Just as small local plants are connected to make up the various systems so the resulting systems in turn, or single units of comparable capacity, are interconnected to form the super-system to which the term superpower has been applied. Not only in the zone including the states along the Atlantic seaboard but in the middle west, southwest, Pacific coast and other great natural districts superpower organizations and systems will probably, in due time be developed.

One plan suggested during recent years to which the term superpower has sometimes been improperly applied is that of having great power generating plants located at the mouths of the coal mines and from these transmitting energy all over the nation. This is clearly a basically different idea and probably in large measure an impractical one because, among other reasons, an adequate supply of water suitable for condensation purposes is rarely available adjacent to the coal mines. From 500 to 1,000 tons of water for use in condensation is said to be required for each ton of coal consumed in a steam generating plant and it is usually far cheaper to locate the plant at the water's edge and transport coal to this point rather than to locate the plant at the coal mine and pipe in sufficient water for operation.

So much for the engineering phases of the superpower projects. The investor is naturally equally, or more deeply, concerned with the financial aspects.

Interconnection Requires Joint Control

It is obvious that in order to secure the maximum economies from interconnection of electrical power systems there must be the fullest possible cooperation and unity of purpose among the various units, and such unity can best be secured and maintained by joint control. In other words if the properties of two or more holding companies each operating, through subsidiaries, great systems of electrical plants are to be interconnected to form such a superpower system as we have described then there must be formed the "super" holding company to control, in some measure at least, the policies and operations of the various properties linked together. The more complete the central control the more definite will be the community of interest among the companies and the more successful should be the operation of the system.

Working control may, of course, usually be gained through ownership of less than half of the voting stock, unless an equal or larger interest happens to be concentrated in the hands of an opposing faction. Thus if unofficial estimates to the effect that the United Corporation has acquired about one-third of the stock of each of the United Gas Improvement Company, Public Service Corporation of New Jersey and Mohawk Hudson Power Corporation are reasonably accurate working control of the properties has probably been secured. This of course means unified operation and control of the major electrical properties operating in the important industrial zone extending somewhat south of Baltimore and including Philadelphia and adjacent sections of Pennsylvania the greater part of New Jersey and a great

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Mussolini Must Prove Mettle as Business Man

Italy Now Demands of Dictator Economic Ability on a Par With His Political Genius

BY W. H. GLENN

THE world has watched with keen interest the huge experiment in Fascism which has been in progress for the past seven years. Successful so far, great problems remain to be solved with much dependent on the business skill of the picturesque figure who heads the Government. This interesting discussion of recent progress by an observer who has spent many years in Italy constitutes a most authoritative contribution to the science of business and government.

WHEN Mussolini marched into Rome in 1922 at the head of an army of youthful black shirts, the world saw him as an interesting political adventurer and forceful demagogue who owed his triumph not to the value of any idea which he might contribute to the science of government but to the pressing need in Italy of a strong hand to rescue the state from the demoralizing effects of the war and the menace of **Bolshevism.**

Once in power, the Duce showed himself to be something more than a "demagogue." Under the aegis of Fascism, he became the architect of a new state and the enunciator of a political philosophy which held up to scorn all modern democratic formulas and discarded as obsolete and harmful those traditions of parliamentary government which Italian liberalism had worshipped with passion since the days of the *risorgimento.*

Out of that philosophy, developed the harsh and repressive measures by which he cleared the political arena of all opposition and created the dictatorship with himself at the head. Step by step he scrapped the instruments of the old system of government, drove labor into Fascist unions and syndicates, and gradually prepared the ground for the "corporative" or "guild" state in which the collective life of the nation was to be organized on a basis of industrial associations all working under the direction and compulsion of the *gran consiglio* toward the common end of national economic prosperity.

The Guild State

In April, 1926, with an act which made the syndical associations of employers and workers, the incorporated organs of the state, legally answerable for all the elements in their respective categories, the so-called "guild" state came into being. (It might be noted here that Mussolini in his personal evolution from socialism to Fascism had never completely discarded the syndicalist philosophy which gripped the imagination of Italian socialists and economists in the last half of the nineteenth century. Syndicalism in the socialist sense contemplated the rule of the proletariat through the dissolution of the capitalist class. In the Fascist sense, however, the syndicalist state abhors class conflict, condemns strikes and lockouts as crimes against the state and achieves social solidarity through class cooperation.)

The "corporative" or "guild" state is an impressive edifice and no one will deny that only a master hand could have designed it. Its creation marked the passing of Fascism from the romance of politics to the hard nails of economics. Business is the objective of the Fascist state in its present form and no one better than Duce himself realizes that if the new state justifies itself, it will not be in the splendor of its architecture, heavily foliaged with slogans and "hierarchies," but in the capacity of the new state to advance Italy to a position materially more comfortable than that which the country could enjoy under any other type of regime.

A Business Head Needed

It is not as a political genius but as a business man that Mussolini must now succeed. Will he succeed? By disciplinary measures in the background of which always hovers the menace of force he can make capital and labor the willing servants of the state, but the success of the state as a self-maintaining and profit-going concern still depends on large factors of finance, industry and international trade, which he cannot expect to control with a decree, an eloquent speech or a word of command. What skill has he shown thus far in grappling with economic phenomena? His record is not as dark as his enemies claim, nor yet as bright as the Fascists would paint it

Solving the Budget Problem

The reform of the budget was Mussolini's first contact with the economics of government. Approaching the budget when it showed a deficit of some sixteen billion lire, it may be partially true that in his eagerness to inspire confidence in his government abroad he let his statisticians create a budgetary equilibrium that was more apparent than real. But other factors entered into the achievement of a balance and those factors, more than any special system of accounting that the Fascist government may have adopted contain the true measure of Mussolini's budget technique.

By reduction in public expenditures and the reorganization of the state administrative system he was able to accomplish certain elementary economies From that point on, however, the

Fascist government could advance to equilibrium only by increasing taxes, raising transport and traffic rates, and so distributing fiscal burdens as to cause that disparity between cost of living and wage levels which justified the conclusion in the minds of many economists that the Fascist budget, even though showing a surplus instead of a deficit, could not be accepted as an index of sound economic health. By whatever means it was accomplished, the march of the budget was generally considered a triumph for Fascism. The following is a record of the advance to budgetary equilibrium:

(In millions of lire)

Fiscal Years—	Receipts	Expenditures	Balance — Deficit	Balance — Surplus
1922-23	18,803.5	21.832.3	3,028.8	....
1923-24	20,581.3	20,999.8	418.5	....
1924-25	20,440.4	20,023.2	.....	417.2
1925-26	21,043.6	18,775.2	.....	2,268.4
1926-27	21,449.8	21,014.1	.....	435.7
1927-28	19,835.9	19,608.6	.....	277.3

The budget problem, in short, was solved, but solved, as the Fascists themselves would concede, through the application of *force majeur.* The solution did not emerge from an improved economic condition in the nation, as a whole, or a skillful manipulation by the government of purely economic factors. Mussolini preached discipline and self-sacrifice, and the Italian people bowed their backs to tax increases which in the pre-Fascist days of free speech, free press and free assembly, would have caused the downfall of a dozen governments.

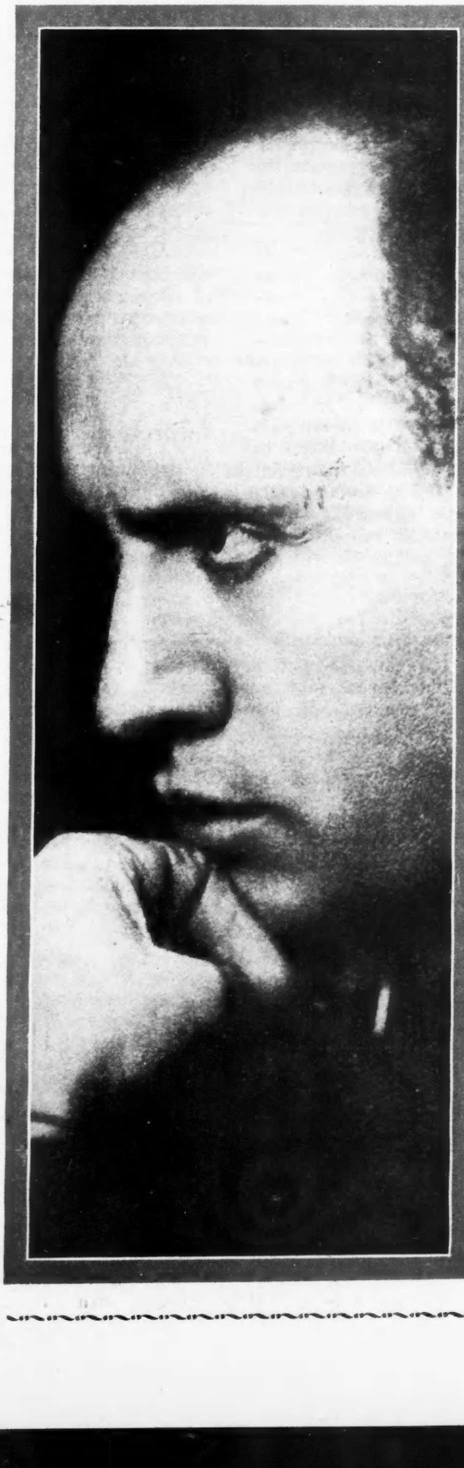
The dependence of the Fascist economists on ruthless tax increase or emotional appeal to solve their difficulties appeared again in the methods the state adopted during the last two years to improve the technical position of the treasury. Twice during that period, Mussolini resorted to an appeal to the country's patriotism. On the occasion of the floating of the "Lictoral" loan, in 1926, he incited with his eloquence a popular subscription that brought more than 3,000,000,000 lire into the treasury. And last year the treasury benefited from a popular donation of bonds amounting to one hundred and forty million lire which were burned by Mussolini in the celebration of the seventh anniversary of the march on Rome.

The Morgan loan and the cheerful willingness of America to fund Italy's war debt at a rate equivalent to about seventy-five per cent of the principal, were other items which paved the road to financial recovery, independent of any notable contribution by the Fascist government itself toward internal economic reconstruction.

On the other hand, it is not to be overlooked, that the government did adopt some wise measures to reinforce the national currency. At the end of June, 1927, paper currency had been reduced to approximately 20 billion lire, a total contraction of about 3 billion from the high water mark of 1921. The issue privilege was exclusively confined to the Bank of Italy and steps were taken to replace treasury notes issued by the state in small denominations with silver coins. By way of further strengthening and consolidating the financial position of the country, the central bank was given supervisory power over the banking system of the country and full control of the foreign exchange market. Following the adoption of the stabilization program the reserves of the Bank of Italy were modified as follows:

(In millions of lire)

	Dec. 31 1927	Mar. 10 1928	Sept. 30 1928
Gold on hand	4,547.1	4,603.8	5,051.7
Credits abroad	6,695.1	6,769.7	4,628.4
Bond of foreign treasuries	863.7	1,144.9	1,965.1
Total	12,105.9	12,518.6	11,645.3
Ratio of reserve to circulation and sight liabilities ..	55.47	59.12	57.26



In the seven years of Fascist administration the internal debt was reduced from 95 billion lire to 86½ billion lire of which 1⅛ billion comprised the floating debt. The floating debt therefore represents according to Fascist statistics a little more than 2% of the public obligations as against 61 1/3% five years ago.

The government has enforced a rigid supervision over foreign borrowing, and the Ministry of Finance authorizes only loans for such productive purposes as will create new wealth for the country. At the end of December, 1927, the total loans placed by Italy in American and British money markets amounted to some $300,000,000 which is only about 1½% of Italy's estimated wealth.

The Vital Test

By far the most vital test which Mussolini, the business man, had to encounter, occurred in his treatment of the problems of stabilization. To the financial world, he was a disappointment. The arch realist in politics became something of a sentimentalist in finance. More out of patriotism than sound judgment he allowed himself to stabilize the lira at a level excessively high. The stabilization of the lira at 5.26 in December, 1927, was regarded by many authorities as an error which would involve Italian industry in serious embarrassment and place it at the mercy of foreign competition.

The predictions of the critics, to a great extent, came true. The year 1928 was a period of adjustment of Italian industry to stabilization and the economic results at the end of the year were still far from satisfactory. Manufacturing costs were high, wages were too low. Wages were reduced to conform to the stabilized lira but living costs remained, by and large, the same as before stabilization and many patriotic slogans had to be circulated among the laboring classes to convince them that the low standard of living was all for the best. Mussolini, as usual, continued to plead for a higher birthrate and bigger families.

The high stabilization point of the lira also proved a blow to foreign trade, imports increasing and exports decreasing. The unfavorable trade balance at the end of

(*Please turn to page* 775)

Rails Seek Right of Way in the Stock Market

Many Indications That Disparity Between Rails and Industrials May Soon Be Overcome in Improving Position of the Carriers

By H. I. PERRINE

DURING the twelve months of 1928 there were traded in on the New York Stock Exchange a total of close to one billion shares of stock. Of this total the railroad shares accounted for less than 6%, while industrial stocks made up the balance of 94%. Prior to 1915 railroad shares never comprised less than 45% of the annual Stock Exchange turnover, but during the past thirteen years industrial stocks have increased in number and popularity to such an extent that the proportion of railroad shares has shown a tendency to decline. The 1928 showing in this respect, however, was the poorest ever experienced.

This falling off in the percentage of railroad share trading has been accompanied by a similar backwardness in the trend of rail stock prices as compared with those of industrial issues. For example, since 1921, when the rail and industrial averages stood at about the same figure, approximately 65, there has been an advance in the industrial average to the high record price of around 320 as compared with a high record average of 160 for the rails. In other words, prices of rails have advanced only 140% in the past eight years as compared with an increase of over 400% in the case of industrials. While both the rail and industrial averages have climbed rather consistently to higher levels year by year since 1921, the former have lagged far behind the latter with average yearly fluctuations between high and low prices of about 20 points as compared with 40 points for the industrial issues.

Reasons for Backwardness of Rails

Failure of the railroad shares to participate in the advancing market may be attributed to several reasons. In the first place the carriers have been handicapped to a considerable extent by excessive regulation which has greatly restricted their earnings possibilities. Where the large industrial concerns have been in a position during the past few years to effect numerous consolidations and mergers, thus eliminating high costs, overproduction and unrestricted competition, the railroad companies have been unable to strengthen their position through such consolidations. Various mergers have been proposed from time to time, but practically all of them have been held up indefinitely pending decision of the Interstate Commerce Commission. As a matter of fact only three consolidations of consequence have been approved since 1920, the others either having been rejected or set aside for further consideration.

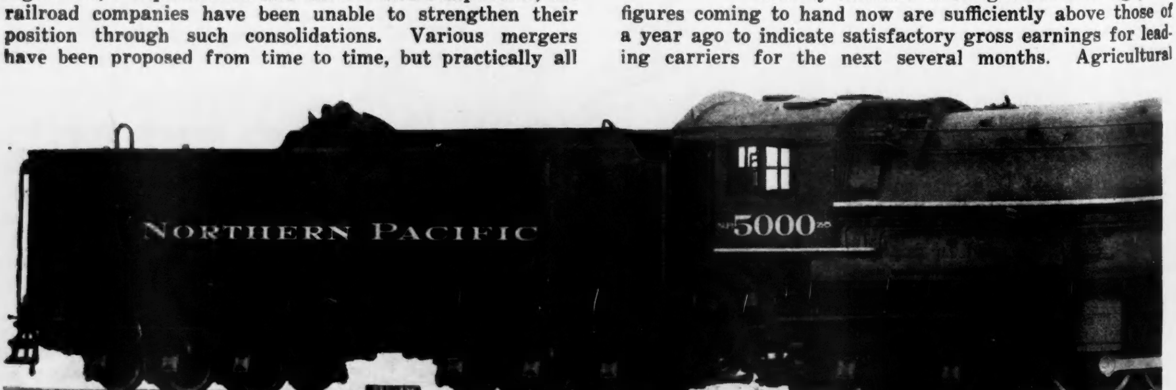
Then again the question of valuation of properties and recapture of so-called excess earnings have been serious deterrents to active speculation in the rails. Investors have no doubt felt that their funds could be employed to much better advantage in other sections of the list until a definite stand was taken on these two matters. Two other unfavorable factors surrounding the rails have been the advancing wage scales and rising tax requirements in the face of an unsatisfactory rate situation. While these were offset in part by improved efficiency of operation, they still were of sufficient importance to keep heavy buying out of the rails.

Improved Outlook

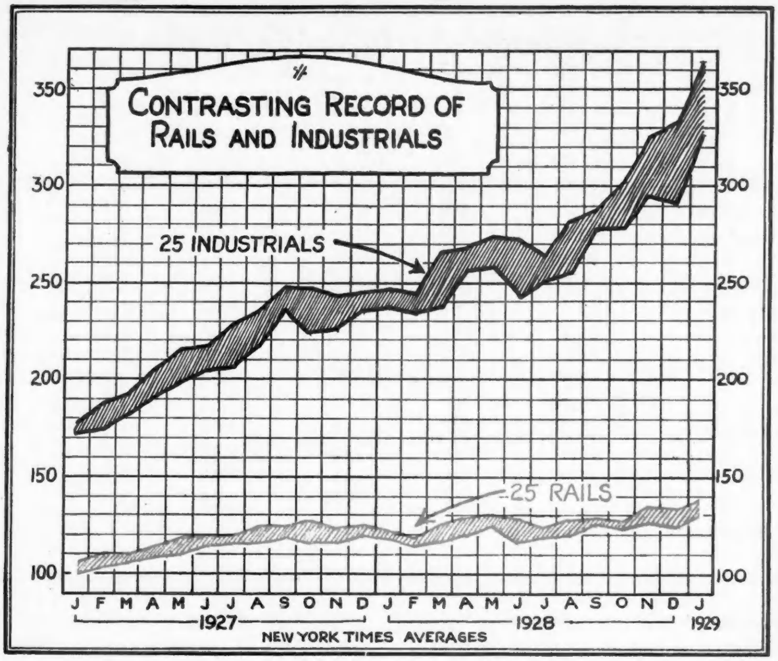
A careful analysis of the present situation, however, discloses that the immediate future holds many pleasant things in store for the purchasers of railroad securities. To mention a few of the favorable features, there are: the better outlook for increased freight traffic, the improved operating efficiency of the roads, the better physical and financial condition of properties, segregation and merger possibilities, probable favorable decision of the O'Fallon and Western Trunk Line Rate cases, favorable selling prices of rails to earnings, and their decreasing floating supply due to buying by investment trusts. A brief comment on each of these factors should prove of some interest at this particular stage of the market.

Earnings Situation

Unusually favorable earnings conditions prevail in the transportation industry at the present time. Recent weeks have shown a healthy increase in freight car loadings, and figures coming to hand now are sufficiently above those of a year ago to indicate satisfactory gross earnings for leading carriers for the next several months. Agricultural



The largest and most powerful locomotive in the world. Built by the American



conditions throughout the country are particularly good and the high rate of industrial activity in the Eastern States assures a heavy volume of business for the Trunk Line carriers.

As a result of the better control by most roads of their operating expense ratios, it may be expected that a much larger proportion of these gross revenues will now find their way down to net than was the case formerly. Vast sums of money have been spent by railroad companies on their properties during recent years and these improvements are now being reflected in lower transportation ratios. Heavier train loading, together with a greater speed of freight movement, have raised the standard of railroad operating efficiency to the highest level attained in many years, and this should result in an exceptionally favorable showing as to net income.

Consolidation Prospects

One of the important influences in the recent railway share market has been the belief that definite plans will shortly be worked out leading toward numerous railway consolidations. Evidence of this has already been furnished by the announcement that the Baltimore & Ohio has decided to attempt to go through with its plan for the acquisition of the Reading, and its subsidiary, the Central Railroad of New Jersey. Mergers of certain Eastern railroads have been attempted in numerous instances in the past but without any great success. Now that steps have been taken in this direction by one of the large Eastern Trunk Lines, it may be expected that petitions of a similar nature will soon be made by various other roads. In this connection, New York Central, Pittsburgh & West Virginia, Wabash, Wheeling & Lake Erie, and Western Maryland have been mentioned prominently in the news items.

While it is difficult to predict at this time just what the outcome of these various petitions will be, it seems reasonable to assume that this year will see marked progress in the matter of unification of the more important roads, particularly in the Eastern territory. Such consolidations will add materially to the transportation efficiency and earning power of the systems included in the combinations, and will be an important factor in enabling the railroads to keep abreast of the growing demands of industry.

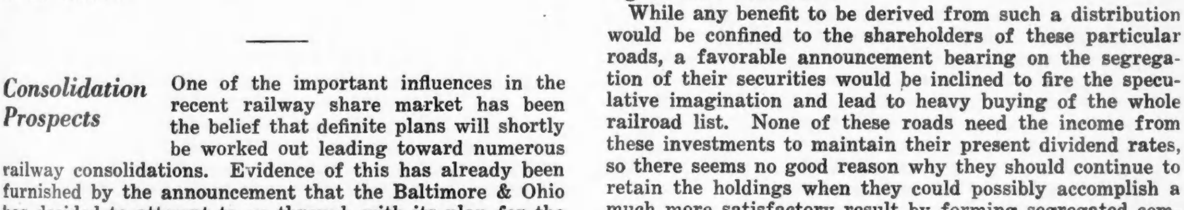
Segregation Possibilities

As to the matter of segregation possibilities, it may be pointed out that three of the Pacific rails in particular will bear watching in this connection. Southern Pacific, Union Pacific and Canadian Pacific have enormous security holdings in non-affiliated companies and the belief seems to be growing that these roads some time in 1929 will work out a segregation plan involving the distribution of these holdings to their stockholders.

While any benefit to be derived from such a distribution would be confined to the shareholders of these particular roads, a favorable announcement bearing on the segregation of their securities would be inclined to fire the speculative imagination and lead to heavy buying of the whole railroad list. None of these roads need the income from these investments to maintain their present dividend rates, so there seems no good reason why they should continue to retain the holdings when they could possibly accomplish a much more satisfactory result by forming segregated companies with specialized managements.

Two Important Cases

There has recently been so much discussion of the "O'Fallon Case" as having an important bearing on the railroad situation that it seems hardly worth while to make mention of it here. This magazine in past issues has covered the points of the case in great detail and has shown what effect a decision, favorable or unfavorable, would have on railroad securities. Suffice it to say that the outcome of the case will be eagerly looked forward to by railroad interests and that a favorable decision by the



Locomotive Co. for the Northern Pacific. With tender it is over 125 feet long.

Comparison of Price-Earning Ratios

Road	*1928 Earnings Per Share	Recent Price	% Earnings on Market Price	Dividend	% Yield	10 Year Price Range High	Low
Atchison	$18.75	202	9.28	$10.00	4.95	209⅜	76
Baltimore & Ohio	12.44	123	10.10	6.00	4.90	131	27⅝
Chesapeake & Ohio	23.50	212	11.08	10.00	4.71	227½	46
Chicago & Northwestern	6.41	89	7.21	4.00	4.49	107	47⅛
Chicago, Rock Island & Pacific	12.89	132	9.76	7.00	5.30	139⅞	18
Great Northern	10.00	107	9.34	5.00	4.70	113⅛	50⅝
Lehigh	5.93	92	6.45	3.50	3.80	102¼	39½
Louisville & Nashville	13.25	150	8.83	7.00	4.70	159⅛	84¾
New York Central	11.15	190	5.87	8.00	4.20	204¼	64⅛
Norfolk & Western	21.24	192	11.04	10.00	5.03	206	85
Northern Pacific	7.94	106	7.47	5.00	4.70	114	47⅞
Pennsylvania	6.70	77	8.70	3.50	4.30	82¼	32¼
St. Louis & San Francisco	10.95	117	9.36	8.00	6.83	122½	9⅜
Southern Pacific	10.44	132	7.92	6.00	4.55	138⅜	67½
Southern Railway	12.52	148	8.45	8.00	5.40	158⅜	17⅜
Union Pacific	17.50	224	7.80	10.00	4.45	231	109¾

* Actual figures where available; otherwise estimated.

United States Supreme Court will go a long way toward the restoration of confidence in railroad shares. The principles of valuation have been a serious thorn in the side of the railroads for many a year and this decision should determine the question once and for all.

Within a few months the Interstate Commerce Commission is expected to report on its investigation into class rates in Western Trunk Line territory. It is generally admitted that these rates are well below what they should be, and it is believed that the commission will recognize this situation. While it is probably too much to expect that all the demands of the carriers will be met, a substantial readjustment upward in class rates is confidently expected. In view of the fact that this contemplated increase in revenues would apply to over 65,000 miles of railroads in the Western Trunk Line territory, it can readily be appreciated that a favorable decision in this connection would be a factor of no small importance.

Railroad Electrification Plans

Much has been heard lately about the effect of railroad electrification plans on the copper industry, with the result that copper share prices have advanced materially in the market. Very little has been said however about the effect of these plans on the roads themselves. It is very probable that the announcement of ambitious electrification plans by New York Central, Pennsylvania, and Baltimore & Ohio will shortly be followed by news of electrification projects by other roads. The benefits of such electrification should not be underestimated. Among them may be mentioned the expediting of traffic due to the more efficient operation of electric locomotives and to the increase in capacity of existing track and terminal facilities. Electrification will make possible the hauling of heavier trains at greater speed and will effect a conservation of labor and a decrease in the consumption of fuel, all of which factors spell lower operating ratios for the roads concerned.

Effect of Possible Stock Financing

Unless all signs fail, this year will witness a period of considerable railroad financing by the sale of stock. This method of raising funds is much to be desired and the railroads are now afforded an excellent opportunity to take care of their financial requirements along these lines. In previous years, because of inability to issue stock at par, many of the carriers were obliged to increase their funded debt out of all proportion to the amount of their capital stock outstanding. This has resulted in a rather top-heavy financial structure for many of the roads and they will welcome an opportunity to improve their balance sheets in this respect. Since financing of this nature can be accomplished to much better advantage in a rising railroad share market, it is very probable that strong pressure will be brought to bear on the rails from the sources that are most interested.

In June of this year Southern Pacific will be forced to take care of a $54,000,000 issue of 4% bonds which fall due on that date. In December the $45,000,000 Oregon Short Line Refunding 4% bond issue must be provided for, while in April, 1930, an issue of $50,000,000 Pennsylvania 7% bonds matures. Electrification programs of Pennsylvania, Baltimore & Ohio, and New York Central call for a vast expenditure of money which will have to be raised in the market. A considerable portion of all these funds will no doubt be derived from the sale of stock so that there is a strong incentive for an active rail market for some months to come. Such stock offerings as are made will of course carry valuable rights to existing shareholders so that owners of good rails may look forward to the future with considerable assurance.

Investment Trust Absorption

During the past two years there have been organized scores of investment trusts with several millions of dollars in assets. These trusts have been constantly scouring the market in the effort to pick up desirable securities for their portfolios. While many of them have confined their purchases to certain particular classes of securities, such as the oils, the utilities, or the motors, the vast majority have had a wide scope in their selection. Railroad securities have been in special favor with such trusts and there is little doubt but that the floating supply of rails has been greatly reduced due to accumulation by these organizations. In addition to this gradual absorption of the rails, indications are not lacking that there has been careful buying of the high grade issues by individual investors, insurance companies, and investment houses.

One of the largest and most conservative investment institutions in the country recently prepared and distributed among their clients circulars on three of the strongest railroad companies and did not hesitate to include among their bond offerings common stocks of these roads as desirable investment mediums at this time. It is such straws as these that clearly indicate the future price trend of the

(Please turn to page 771)

MARKET REFLECTIONS

THE Federal Reserve became an all-absorbing topic of conversation in connection with the stock market of the past fortnight. It had generally been felt that an advance in the Bank of England's rediscount rate would sooner or later be followed by an upward revision in the rates of the Federal Reserve banks. The market always reacts unfavorably to increases in these figures. Its reason for so doing appears largely psychological. A higher rediscount rate simply reflects an already known and long prevailing condition in the money markets. Hence it might be assumed that a rise in rediscount rates should not materially influence stock prices since it is merely confirmatory evidence of a situation that is already recognized.

* * *

THE Reserve authorities, however, have been very much perturbed by the stock market's continued absorption of credit for more than a year. Their recent admonition concerning the diversion of funds to speculative operations was probably as forceful a declaration as such a conservative body would care to make.

* * *

MANIFESTLY, the banking authorities have set themselves with unwonted determination to bring the money market firmly under control. It is pointed out that the domestic and international banking situations have been developing along such lines during the past year that the Federal Reserve is now in a much stronger position to enforce its will than on a similar occasion last winter. Though its efforts at discouraging the continued diversion of credit to speculative stock market operations have thus far been restricted to "moral suasion" and the application of indirect correctives, it seems a foregone conclusion that the Reserve Board will not hesitate to adopt more drastic policies, if necessary. If the Reserve Banks are to maintain their prestige, it would seem that they cannot afford to risk another impassé with the stock market's speculative cohorts.

* * *

IN the meantime, the unfavorable developments in the money market having come at a time when the market itself was in a top-heavy condition, a sharp reaction naturally ensued.

* * *

IT might be observed that stocks of companies whose outlook conforms to the generally favorable business prospect encounter significant support on declines.

* * *

IF the Reserve Board succeeds in hastening a greatly to be desired realignment of stock prices to values among some of the too vigorously exploited speculative favorites, its efforts are to be applauded rather than condemned by investors who are in the habit of basing their commitments upon sensible methods of price appraisals.

* * *

REVERBERATIONS of the federal reserve warning against speculative borrowings were heard in Congress. Wall Street hears these rumblings with its usual passive interest, with, perhaps, one exception, namely, Congress' proposal to define the difference between speculation and investment. Some observers remark that, once engaged in the struggle to solve this age old problem in definition, our legislators may find themselves so completely absorbed that all other Congressional functions will become paralyzed. Others merely content themselves with cryptic mutterings incorporating some mysterious reference to "where angels fear to tread."

* * *

AS is usual in cases of severe readjustment, the good stocks suffered with the overvalued issues in the current setback. The probability that steel company earnings will be decidedly good during the first half year, for example, was more or less forgotten in the excitement created by the banking situation. Bargain hunters point out that Inland Steel has receded to a level where it is selling at approximately eleven times last year's earning, an exceptionally low ratio for an issue of Inland's quality.

* * *

CRUCIBLE Steel is in very much the same neglected position. A little more speculative attraction would seem to attach to the latter in view of Chairman Wilkinson's statement that action looking toward a distribution of the company's holdings of its own stock is likely to be forthcoming soon.

* * *

INVESTORS with a flair for stocks representing growing companies are keeping close watch upon such issues as American Can, Gold Dust and American Smelting. The market action of issues of this caliber, during recent periods of general weakness, has been suggestive of shrewd buying.

* * *

RAILS stocks, which seemed to be attracting a little more speculative favor before the Federal Reserve cast its wet blanket upon the market, have again gone into a state of quiesence. Nevertheless, students of rail share values profess to have discovered evidences of strong accumulation in New York Central on the current setback.

* * *

TWO of the Pacifics, Canadian and Union, are likewise viewed with favor by buyers inclined to look beyond the immediate market. The boom in the mining industry is undoubtedly beneficial to the former road. Moreover, Canadian Pacific's non-transportation properties represent substantial equities which would add just the proper tinge of romance to the stock in a speculative rail market, even though an early segregation of these assets may not be pending.

* * *

UNION PACIFIC likewise has valuable investment holdings producing a substantial income in addition to railway operating revenues.

* * *

SOME idea of the equities behind Union Pacific may be gained from the fact that the present market value of its investments is equivalent to 75% of the open market valuation of the outstanding common stock.

* * *

AMERICAN CAR & FOUNDRY continues to hide its light, notwithstanding the steady expansion of railroad equipment buying. Essentially an investment common stock, Car Foundry might readily assume a prominent speculative position in the market should the equipments again come into favor.

What is Happening to the Express Companies

Interesting Evolution from Public Utility to Investment Trust

By Pierce H. Fulton

RECENT developments have called attention afresh, and in a definite way, to the position—particularly to the future—of the express companies of the United States. These developments have suggested, pertinently, "What is Happening to the Express Companies?"

The most definite answer that can be given just now to this query is that they are going out of the business for which they were organized primarily and chiefly. Reference is made, of course, to the carrying of matter for which quicker and safer transportation and delivery were desired than was possible by freight.

The fact is that three of the large and well-known express companies, Adams, American and Wells Fargo, went out of the express transportation business nearly eleven years ago. Now another—the American Railway Express—is about to do the same thing.

The Successor Company

On March 1 the railroads, through a new company, Railway Express Agency, Inc., organized under Delaware laws, will purchase the equipment and all other physical property owned and used by the American Railway Express. The stock of the new company, consisting of 1,000 shares, with no par value, will be bought by the railroads at $100 a share and will be allotted on a pro rata basis, the Pennsylvania and New York Central getting the two largest allotments.

This dividing up of the shares will apply to 86 railroads, to be known as "participating railroads," as they will be parties to the new undertaking, that of handling, through Railway Express Agency, Inc., the express transportation business of the United States that has been operated by American Railway Express since 1918.

Let us glance back nearly eleven years in the history of the express transportation business of the United States, in order to get the proper setting for our picture, particularly those phases that will stand out prominently when the last of the large express companies shall have given up the business for which it was organized first of all.

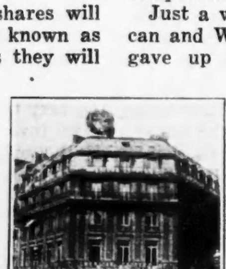
Take the American Railway Express. It is a child of the war,—in the language of that day, a "war baby." With the assumption in 1918, of control and operation of the railroads of the United States by the Government as a war measure, the big express companies of that time also passed under Government control and operation, through the medium of American Railway Express. It was organized specifically to handle the express transportation business of those companies, under supervision of the Director General of Railroads.

A New Line of Business

Through that medium and at that time, the former big companies lost their identity in the doing of the business for which they were organized originally. They never have resumed it and never will. At least two of the big express companies, including American Railway Express Co., are quite likely to engage in another line of business that may prove even more interesting and profitable.

"What is to become of them," does some one ask? That is the most interesting feature of the whole situation, as it is susceptible of various developments of peculiar interest to majority and minority stockholders of all the companies.

Just a word about the Adams, American and Wells Fargo, both before they gave up their express business and since.



The American Express office in Paris

The Adams is a voluntary association, not an incorporated company, organized under New York State laws. It was a pioneer in the express business, having had a record of nearly 75 years in that line. In 1918, with its competitors, the American and Wells Fargo, it surrendered that business to American Railway Express. In the meantime it has continued only as a security holding company, the principal treasury asset being the 122,710 shares of American Railway Express stock that it received in payment for its physical property used for express transportation. This investment has been increased by the acquisition of about 16,290 additional shares of the same stock. On this investment of 139,000 shares, Adams receives dividends at the rate of $6 a share and a total of $834,000 per year. Moreover, much more is likely to be heard about this company as to its security holdings; in fact, it is scheduled to become one of the best known investment trusts.

It may be stated that as such, already, it has added materially to the annual income received through dividends on American Railway Express stock by the purchase and sale of securities in the market and, in recent months, by the loaning of surplus funds on call in the Street. It is learned that $7,500,000 on the average has been employed profitably in the latter way.

Adams's share capital consists of $10,000,000 5% cumulative preferred stock, par $100, of which $5,730,200 is outstanding, and $12,000,000 of common stock authorized, also par $100 of which $6,703,000 has been issued. It will thus be seen readily that this company could increase materially its resources with which to act as an investment trust, by the sale of additional amounts of both classes of its stock. More about its possibilities in this direction later. It may be noted in passing that the amount of common stock—only 67,030 shares—is extremely small.

American Express

The American Express Co., the best known of the big express companies, prior to the organization of American Railway Express, was in the express transportation business for 68 years. Like the Adams, it is a voluntary association. Since it sold that business to American Railway Express it has been engaged mostly in the handling of checks and letters of credit, traveling tours, forwarding business and domestic money orders and drafts.

Capital of American Express consists of 180,000 shares, with no par value, but carried on its books at $18,000,000, or at the rate of $100 a share.

Dividend payments have varied considerably, having been the largest from 1907 to 1913. Stockholders, within that period, received as high as $12 a share. In the latter year, they got also as an extra distribution one share of Wells Fargo for each four shares of American Express owned, control of the former company having been acquired by American. The very next year, however, the cash dividend was cut in half. Since that time the annual rate has ranged from $4 to $8 a share, being $6 at the present time.

Wells Fargo was incorporated originally in 1853 under New York State laws, but later took out a Colorado charter. In 1918 the company turned over its express transportation business to American Railway Express, receiving $10,466,700 of the latter's stock in payment for its physical property used in express transportation. The very next year Wells Fargo gave up its traveler's checks and other business. In 1925 control passed to American Express, and with it went Wells Fargo's holdings of American Railway Express stock.

The Function of American Railway

The latter company was organized under Delaware laws June 22, 1918, to engage in general express transportation business in the United States and possessions. Eight days later the new company acquired practically all the property used in the domestic transportation business of Adams, American, Southern and Wells Fargo express companies. On July 1, 1918, the new company began the handling of the express business formerly handled by those companies. In addition, American Railway Express leased the real property and equipment owned and used in express transportation business by Great Northern, Northern and Western Express companies, until September 1, 1920, when it bought them for cash.

To make the situation perfectly clear, it may be stated that from June 30, 1918, to August 30, 1920, American Railway Express handled the express transportation business of the United States as agent of the Director General of Railroads, much as Railway Express Agency, Inc., will do for the railroads after March 1 of this year. Since September 1, 1920, American Railway Express has operated under a uniform express contract with the railroads, in accordance with the terms of which express matter has been carried by the railroads, the latter receiving as compensation a division of the revenues from this express business.

Railroads Exercise Their Option

In various ways the contract was not satisfactory to the railroads. Its terms provided that, at expiration on February 28, 1929, they could acquire either the stock of American Railway Express or its equipment and other physical property used in express transportation. The railroads decided to exercise the latter option and for that property has agreed to pay $30,313,000.

This money has been provided by the sale, recently, through New York bankers, of $32,000,000 (authorized issue $50,000,000) 5% series A bonds of Railway Express Agency, Inc. As already stated, the 86 railroads participating in this new undertaking are to buy the 1,000 shares of capital stock of Railway Express Agency at $100 a share.

Of the 1,000 shares no par stock of the new company New York Central gets 144 shares, or about 14.5% of the total, Pennsylvania will receive 123 shares, Atchison 46, Southern Pacific 45, New Haven 44, Baltimore & Ohio 39, Chicago and North Western 33, Illinois Central 29, Burlington 27, St. Paul 26, Erie 25, Rock Island 22, Louisville & Nashville, Missouri Pacific and Atlantic Coast Line 20 shares each.

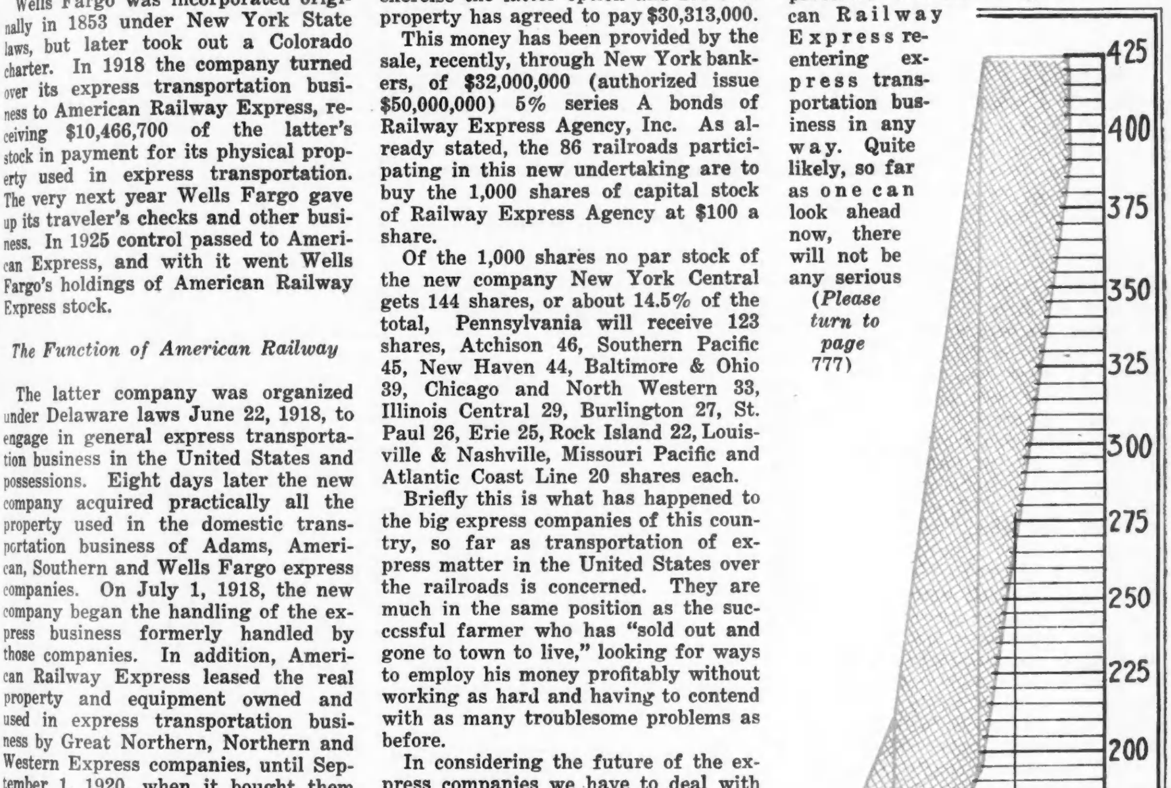
Briefly this is what has happened to the big express companies of this country, so far as transportation of express matter in the United States over the railroads is concerned. They are much in the same position as the successful farmer who has "sold out and gone to town to live," looking for ways to employ his money profitably without working as hard and having to contend with as many troublesome problems as before.

In considering the future of the express companies we have to deal with American Railway Express, Adams and American.

By reason of it being the last of the three big companies still in existence to give up express transportation business there is peculiar interest in the immediate future of American Railway Express. While in recent months there have been many and conflicting rumors, no official statement with respect to this matter has been issued.

It has been claimed that the company would re-engage in express transportation business, using motor trucks and airplanes instead of the railroads, the latter being impossible under the new arrangement about to be entered into by the railroads with Railway Express Agency, Inc.

At the last hearing before the Interstate Commerce Commission on this plan, Commissioner Campbell became considerably disturbed over discovery of the fact that the railroads had not protected themselves against American Railway Express re-entering express transportation business in any way. Quite likely, so far as one can look ahead now, there will not be any serious (*Please turn to page* 777)



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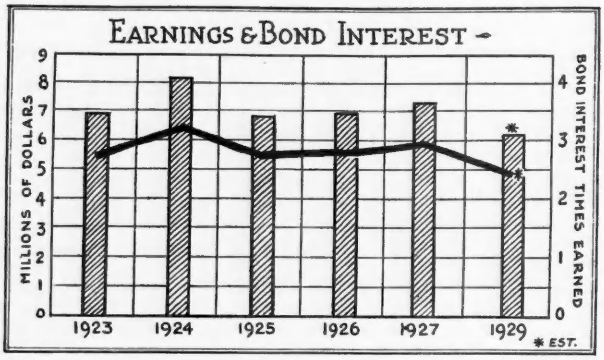
Well Secured Investment *in* Strongly Intrenched Company

Interesting Possibilities and Attractive Yield Offered

By FRANCIS C. FULLERTON



OFTEN in an important industry undergoing temporary adversity an opportunity is offered to select well secured bonds of well managed and strongly intrenched companies which, because of the unsettled conditions in the industry, are selling at a relatively low level, but which will probably recover quickly when the industry is righted again and sell more on a level commensurate with their intrinsic value.

In making commitments in bonds of this type, however, a certain degree of patience is required as it should be realized that the price will fluctuate over a somewhat wider range than would be the case if conditions in the industry were on a stable basis. With the knowledge that the bond is the obligation of a company which occupies a strong competitive position in the industry, the holder thereof will be rewarded by the exercise of patience when the industry has settled on a sound basis again.

In this category are the Abitibi Power & Paper Company, Limited-First Mortgage 5s due June 1, 1953, which have been selling off because of the disturbing factors arising in the newsprint industry last year. Production capacity in the newsprint industry has expanded too rapidly and coming to a head last year the intense competition resulting from the over-capacity and the overproduction induced price cutting. Abitibi Power & Paper Company, Limited, however, occupies an enviable position in the industry, being not only one of the largest newsprint manufacturers on the North American continent, but also one of the lowest cost, if not the lowest cost, producer amongst the larger newsprint concerns. Abitibi can operate profitably at a price for newsprint which would mean huge losses to most of the other manufacturers. Strongly intrenched in this position, the present situation which has risen in the newsprint industry does not assume such a serious aspect with reference to Abitibi as might at first be expected, and it may well be that the present time is opportune to purchase the First Mortgage 5s of 1953, as a business man's investment.

Industry on Adjusted Basis

The present situation in the newsprint industry is the result of expanding the production capacity to a point where it now far outstrips the consuming demand. Almost all of the expansion has occurred in Canada where conditions are ideal for newsprint production, with ample timber reserves and abundant and cheap water power. As most of the newsprint output of Canada is shipped for consumption to the United States, both countries must be considered together when analyzing the economic situation of this commodity. At present Canadian newsprint production capacity represents about 65% of the total capacity in the two countries.

While this situation of over-capacity has prevailed for a number of years, it has steadily become worse, not because the demand has been falling off, for as a matter of fact this has been increasing at an average rate roughly of 7% annually, but almost solely because too many additional producing facilities have been constructed. The situation became acute in the latter part of last year when as a result of the intense competition for 1929 contracts, newsprint prices were cut severely from a level of about $65 a ton prevailing since 1926 to a price believed to be as low as $50 a ton in one large contract. This price is the lowest since 1916 and few newsprint mills can operate profitably at this level, even if they operated at capacity. With a demand assuring operations only at 80% of capacity, many of the newsprint companies faced heavy potential losses.

A price war was imminent and to relieve the impasse, pressure was brought to bear by the Canadian Government and a number of the Provincial Governments to protect this industry, which is the chief one in Canada, from serious disruption. As the result of several conferences of the executives of the large paper companies an agreement was reached late in January of this year with the publishers for a price stated to be $55 a ton. Even this compromise figure of $55 a ton is a sharp reduction from the $65 prevailing last year, and undoubtedly means greatly reduced earnings for the newsprint companies.

While the fundamental maladjustment of the industry, namely over-capacity, is not remedied, this agreement among the newsprint manufacturers nevertheless does indicate a spirit of cooperation, which if continued will undoubtedly be beneficial to the entire industry. Moreover, the dramatic manner in which the present situation has come to the fore has focused the attention of the industry to this threatening ogre of excessive expan-

sion and the ultimate results it will lead to. The present price for newsprint, too, will no doubt have the effect of discouraging this tendency to expand facilities. It appears, therefore, that at least a temporary basis of stability has been reached in the industry, and while no advance in the price for newsprint is probable in the near future, the normal increase in the consumption of newsprint should have a gradual effect of strengthening the fundamental situation in the industry.

Abitibi a Low Cost Producer

Under present conditions of a sharply reduced price together with average operations of 80% for the industry, as a whole, many newsprint companies will be afforded at best only a small margin of profit. In the case of Abitibi, however, the properties as a group are probably the lowest cost producers in North America with a production cost estimated at approximately $40 per ton when operating at 80% capacity. The margin of profit is therefore $15 per ton at the present price for newsprint paper. If the worst should happen and newsprint should drop further in price, Abitibi can still absorb a large decline, but the effect on most of the other producers would be ruinous. The higher cost mills in this event would probably cease producing, thus automatically setting up a correcting factor.

Abitibi controls and operates six distinct units which include a total of eight paper mills extending from the lower St. Lawrence River on the east to Lake Winnipeg on the west, ideally located to supply the Canadian and United States markets from the Atlantic Seaboard to the Rocky Mountains. The chief product is newsprint paper for which there is a capacity of 650,000 tons annually, and capable of expansion to 1,000,000 tons annually from present timber and power resources. Roughly, Abitibi accounts for 18% of the total Canadian capacity for newsprint paper. In addition to newsprint, Abitibi through one of its units produces a substantial amount of board, wrapper and unbleached sulphite pulp. Another unit has a large output of high grade bleached sulphite. The company has developed hydro-electric power aggregating 200,000 horsepower, and has in reserve undeveloped water power resources aggregating 500,000. Practically all the electricity generated is used for the company's own operations.

Taking into consideration the essential factors in a successful manufacturing enterprise, namely, amount and availability of raw materials, ample transportation facilities by rail and water, proximity to a large and growing market, mechanical excellence of manufacturing equipment, conservative capitalization and financial stability, and a thoroughly experienced executive organization, the Abitibi properties, as a whole, represent one of the soundest groups in the entire industry. The in-

(*Please turn to page* 790)

Bond Buyers' Guide

Note.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	102	5.4	5.4
Dominican 5½s, 1942 (a)	....	...	101G	99	5.6	5.7
Haiti 6s, 1952 (b)	....	...	100	100	6.0	6.0
Argentine 6s, 1959 (a)	....	...	100	100	6.0	6.0
Chile 6s, 1960 (a)	....	...	100	93	6.5	6.5

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955	267.4	4.75	110	92	4.4	4.4
Illinois Central 4¾s, 1966 (a)	....	2.25	102½GT	98	4.8	4.8
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	95	4.7	4.8
Central Pacific Guar. 5s, 1960 (a)	....	2.58	105GT	103	4.8	4.8
Pennsylvania 5s, 1964	....	2.78	105T	102	4.9	4.9
Chesapeake Corp. 5s, 1947	....	2.45	100	100	5.0	5.0
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.32	105A	98	5.1	5.1
N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a)	59.6	2.49	107½	107	5.1	5.1
Southern Railway Dev. & Gen. 6s, 1956	133.8	1.90	....	112	5.4	5.2
Great Northern Gen. A 7s, 1936 (b)	139.8	2.64	....	111	6.3	5.2
Western Pacific 1st 5s, 1946 (b)	....	2.29	100	98	5.1	5.2
Central of Georgia Ref 5½s, 1959	31.1	1.80	105AG	105	5.2	5.2
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	X	105	104	5.3	5.3
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	2.02	105AG	103	5.3	5.3
Northern Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.32	110G	112	5.4	5.4
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	108	5.6	5.4
Cuba R. R. 1st 5s, 1952	....	3.07	....	94	5.3	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	1.56	107½AG	109	5.5	5.5
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.17	....	88	4.5	5.6
*Vicksburg, Shreveport & Pac. Ref. 6s, 1973 (a)	2.0	X	107½AT	105	5.7	5.6

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.95	105T	101	4.9	4.9
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	4.09	106T	105	5.2	5.0
Utah Power & Light 1st 5s, 1944	....	1.86	105	100	5.0	5.0
Columbia Gas & Elec. Deb. 5s, 1952	....	6.96	105T	100	5.0	5.0
Montana Power Deb. 5s, 1962 (a)	34.7	2.62	105T	99	5.1	5.1
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	2.41	107½T	108	5.6	5.1
Hudson & Manhattan 1st Ref. 5s, 1957 (b)	5.9	2.11	105	98	5.1	5.2
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.69	....	98	5.1	5.4
†Consol. Gas E. L. & P. of Balt. 1st Ref. 6s, 1949 (a) (c)	32.2	2.69	107½T	104	5.8	5.7
Amer. Water Works & Elec. Deb. 6s, 1975 (a)	12.7	1.33	110	104	5.8	5.7
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.21	105	103	5.8	5.8
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	2.30	105T	93	5.9	6.0
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	1.76	105	89	5.6	6.5

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947 (c)	....	15.39	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 (a)	....	4.12	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.80	103T	99	5.1	5.1
International Match Deb. 5s, 1947 (a)	....	6.16	103T	98	5.1	5.2
Chile Copper Deb. 5s, 1947 (a)	....	6.26	102T	95	5.3	5.4
Amer. Cyanamid Deb. 5s, 1942	....	4.10	100	95	5.3	5.5
Sinclair Pipe Line 5s, 1942 (a)	....	4.27	103	95	5.3	5.5
Bethlehem Steel Cons. 6s, 1948	101.3	2.33	105	105	5.7	5.6
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	2.60	105A	92	5.5	5.8
B. F. Goodrich 1st 6½s, 1947 (a)	....	5.13	107A	108	6.0	5.8
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105T	99	6.1	6.2

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.00	105	102	5.9	4.0
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.49	102	102	5.9	5.1
Amer. Cotton Oil 5s, May 1, 1931	....	X	105	98½	5.1	5.8
Gentral of Georgia Sec. 6s, June 1, 1929	31.0	1.80	101AT	100	6.0	6.0
Sloss-Sheffield P. M. 6s, Aug. 1, 1929	1.6	6.79	105	100	6.0	6.0

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100. Earnings are on five-year average basis unless available only for shorter period.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

* Called 5-1-29. † Called 4-5-29.

RAILROADS

Bangor & Aroostook

IMPROVING POSITION *for* MAINE CARRIER

Better Diversification of Freight, Efficient Management and Sound Earning Position Lend Attraction

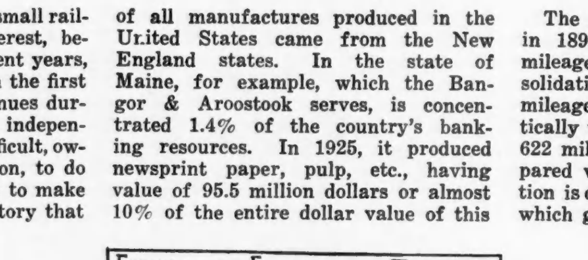
By MAX HALPERN

IT is doubtful whether any small railroad merits as much interest, because of its progress in recent years, as the Bangor & Aroostook. In the first place, it has expanded its revenues during a period when many small independent carriers have found it difficult, owing to the stress of competition, to do so. Secondly, it has been able to make a favorable showing in a territory that has been regarded as retrogressing economically, although some recovery is currently noted.

The entire mileage of the system is concentrated in the state of Maine, and no doubt its future development is linked with that of New England. That the situation in this part of the country is not as bad as it has been painted, may be observed from an analysis of the territory itself. It is true that some New England industries have migrated to other parts of the country, and in consequence of some of these changes, depression resulted. The process of economic readjustment therefor, was naturally slow. It is quite probable, however, that further development of many of these migrated industries would not have been possible in their original setting.

Undoubtedly, the transition in New England at the present time represents a more equitable redistribution of industry throughout the various parts of the country, as well as a movement of manufacturing enterprise closer to their raw material supply. It must further be remembered that the area of New England comprises but 2.2% of that of the United States and contains 6.9% of the population. Yet the Biennial Census of Manufactures for 1925 which is the last available, indicated that 9.8% of the dollar value of all manufactures produced in the United States came from the New England states. In the state of Maine, for example, which the Bangor & Aroostook serves, is concentrated 1.4% of the country's banking resources. In 1925, it produced newsprint paper, pulp, etc., having value of 95.5 million dollars or almost 10% of the entire dollar value of this product manufactured in the United States. It produced 2.27% of the entire dollar value of cotton goods and 11.1% of all the country's manufactured woolen goods. Yet the area of Maine comprises 1% of the entire country and it contains but .67% of the population. Obviously, therefore, while the process of readjustment has been long, the foregoing facts do not support the contention that the region is retrogressing to an alarming degree.

EFFECTS OF FLUCTUATING TONNAGE OF POTATOES ON FREIGHT REVENUES— 1900 — 1928



The present company was organized in 1891 and since its inception, its mileage has expanded through consolidation and new construction. The mileage operated has remained practically unchanged, there being reported 622 miles at the close of 1927 as compared with 624 miles in 1912. Attention is drawn to the accompanying map which gives a fair idea of the location of the company's lines. The system extends from the Canadian boundary, where connection is made with the Canadian National Railways and the Canadian Pacific at St. Leonard, New Brunswick. It reaches south to the Penobscot Bay, where it terminates. Among the more important centers reached are, Greenville, Bangor, Sherman, Millinocket and East Millinocket.

Tonnage shows no definite trend since 1923, when 2,157,019 tons was reported. In 1927, the company transported 2,151,155 tons of revenue freight. The number of revenue tons transported one mile, however, increased from 252.3 to 284.8 millions, a gain of 12.9%. This is due to the longer haul, the average movement per ton having increased without interruption from 118 miles in 1923 to 132 miles in 1927. Moreover, approximately 73% of all the revenue freight transported originates on the company's own lines, a factor that lends great strength to its position as well as stability to its revenues.

Traffic is fairly well diversified, the largest item being products of agriculture. The latter comprised about 32% of the revenue tonnage transported in 1927. Under this classification the largest item from a tonnage standpoint, is potatoes, which totaled 661,213 tons, or 30% of the entire vol-

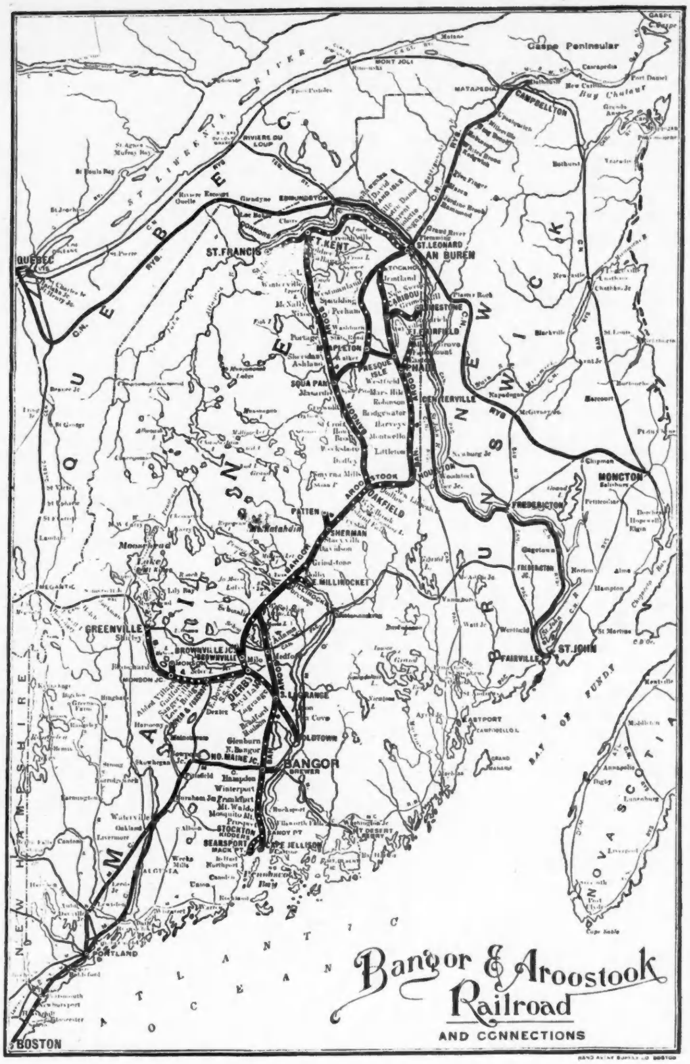
ume of business. The movement of this commodity is highly seasonal, the peak being attained in the early months of the year, followed by a decline. A sharp rise then takes place in the fall of the year, the second peak occurring around October.

Tonnage of potatoes amounted to 607,849 tons in 1926, 680,213 tons in 1925, 546,976 tons in 1924 and 487,647 tons in 1923. It contributes greatly to the stability of earnings as may be judged by a careful examination of the results obtained in 1925 and 1926. Although a decrease of 10.7% in the tonnage of this item was reported in 1926 as compared with the previous year, the company's freight revenues reflected a decrease of but .27%.

Products of mines comprised 13.6%, animals and products .23% and forest products 23.4% in 1927. Manufactures and miscellaneous totaled 28.3% and less car load freight 2.85%. Among the largest individual items transported was bituminous coal and paper which constituted 12.5% and 13.9% respectively. The last named item is especially desirable freight, because it is of long haul character and lends itself quite readily to economical operation. It loads heavily and moves in solid train loads. Most of it is received at the mills of the Great Northern Paper Company at Millinocket and East Millinocket. The proportion of manufactures and miscellaneous reflects a rising tendency in in the past five years, having increased from 553,738 to 609,015 tons, a gain of 10%. This is highly desirable, as it is high grade freight and commands satisfactory rates.

Gross revenues reflect a rising tendency as may be judged from the accompanying table.

In line with the tendency throughout the country, passenger business has been declining. The reduction of $180,308, is largely due to a decrease in the number of passengers carried. The latter declined from 504,094 in 1923 to 427,805 in 1927, a reduction of 15.1%. Freight revenues have increased from $5,589,827 to $6,371,216. The increase of $781,389 or 14% absorbed the loss in passenger business. Attesting the operating efficiency of the management was the fact that an amount considerably in excess of the increase in revenues derived from transportation was carried to net railway operating income. The latter increased $754,350 as against an increase of $632,272 in total operating revenues. A reduction of the operating ratio from 75% to 66.9%, in a measure explains this performance. Practically the entire decrease in the operating ratio was absorbed by transportation expenses. The percentage of the latter item to total operating revenues amounted to 25.4% in 1927 as against 31.25% in 1923. Bangor & Aroostook in all probability reports one of the lowest ratios of transportation expenses to gross revenues in the United States.



An explanation of this progress lies in the ability of the management to handle the increased ton mileage with an actual decrease in freight train mileage. The latter item decreased from 662,203 miles in 1923 to 661,213 miles in 1927. The actual expenses of transporting the increased ton mileage declined from $2,115,695 in 1923 to $1,882,296 in 1927. These economies were attained by increasing the gross tons per train,

Revenue Statistics

	1923	1924	1925	1926	1927
Revenues—Freight	$5,589,827	$5,831,831	$5,867,702	$5,852,025	$6,371,216
Revenues—Passenger	884,634	788,455	694,412	764,640	704,326
Total Operating Revenues	6,769,802	6,924,115	6,862,487	6,927,602	7,401,074
Operating Expenses	5,079,774	5,099,039	4,913,866	4,829,407	4,956,596
Operating Ratio—Percent	75.03	73.64	71.60	69.71	66.97
Transportation Expense	2,115,695	1,980,447	1,888,221	1,866,829	1,882,296
Percent to Operating Revenue	31.25	28.6	27.52	26.9	25.4
Net Railway Operating Income	1,690,027	1,825,075	1,948,621	2,098,194	2,444,477
Net Income	594,911	722,749	723,628	914,325	1,139,723
Per Share—Common Stock	9.10	12.41	6.22	8.69	8.41

PREFERRED STOCK GUIDE

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share			Redeem-able	Recent Price	Yield %
		1925	1926	1927			
Norfolk & Western	4 (N)	115.54	160.35	133.40	No	83	4.8
Atchison, Top. & S. Fe	5 (N)	37.17	48.83	40.47	No	103	4.8
Union Pacific	4 (N)	38.41	41.17	39.35	No	83	4.8
Baltimore & Ohio	4 (N)	35.33	48.41	38.44	No	79	5.1
Southern Railway	5 (N)	37.63	39.33	36.17	100	99	5.1
Pere Marquette Prior	5 (C)	57.50	68.77	64.08	100	99	5.1
Colorado & Southern 1st	4 (N)	43.18	52.56	57.76	No	77	5.2
Wabash "A"	5 (N)	11.48	11.86	6.87	110	97	5.2
St. Louis Southwestern	5 (N)	11.96	12.00	9.30	No	91	5.5
N. Y., Chicago & St. Louis	6 (C)	24.91	24.65	20.31	110	108	5.6
Colorado & Southern 2nd	4 (N)	39.13	48.50	53.76	No	70	5.7
Kansas City Southern	4 (N)	10.06	10.86	9.04	No	69	5.8
Chic., Rock Is. & Pac. 2nd	6 (†)	12.23	20.57	22.49	102	102	5.9
N. Y., New Haven & Hart	7 (C)	....	....	22.05	115	117	6.0
**St. Louis. San Francisco	6 (N)	15.92	16.12	15.23	115	95	6.3

Public Utilities

Public Service of New Jersey	8 (C)	§19.66	§21.46	§16.28	No	147	5.4
Columbia Gas & Electric	6 (C)	....	27.81	25.42	110	107	5.6
Philadelphia Co.	3 (C)	23.53	24.20	28.28	No	54	5.6
Amer. Water Works & El	6 (C)	....	22.63	24.30	110	103	5.8
Federal Light & Traction	6 (C)	33.02	41.51	39.67	110	104	5.8
Hudson & Man. R. R. Conv.	5 (N)	34.12	40.32	40.70	No	82	6.1
Standard Gas & Electric	4 (C)	14.00	20.00	16.20	No	66	6.1
West Penn. Electric	7 (C)	16.15	20.81	23.10	115	109	6.4
Electric Power & Light	7 (C)	9.72	13.83	16.21	110	108	6.5
Continental Gas & Elec. Prior	7 (C)	22.26	26.28	32.71	110	104	6.7
Amer. & Foreign Pow. 2nd	7 (C)	11.40	8.89	3.58	105	99	7.1

Industrials

Pillsbury Flour Mills	6½ (C)	....	*20.19	*44.90	110	144	4.5
International Harvester	7 (C)	32.11	36.74	35.71	No	142	4.9
McCrory Stores	6 (C)	45.97	47.82	52.42	110	120	5.0
American Smelting & Ref	7 (C)	30.88	35.52	30.96	No	136	5.1
Case (J. I.) Thresh. Mach	7 (C)	21.40	29.39	38.43	No	128	5.5
Deere & Co.	7 (C)	13.68	23.22	25.74	No	125	5.6
Studebaker Corp.	7 (C)	208.13	173.89	160.79	125	125	5.6
General Motors	7 (C)	101.78	167.17	182.15	125	126	5.6
U. S. Industrial Alcohol	7 (C)	33.98	16.27	30.03	125	125	5.6
Bethlehem Steel Corp.	7 (C)	26.64	20.84	16.32	No	122	5.7
Mathieson Alkali Works	7 (C)	58.60	67.86	74.06	No	123	5.7
Mid-Continent Petroleum	7 (C)	106.48	133.61	52.40	120	121	5.8
Endicott Johnson	7 (C)	44.57	34.77	48.10	125	121	5.8
Baldwin Locomotive	7 (C)	0.98	29.42	12.21	125	118	5.9
Brown Shoe	7 (C)	45.23	29.69	44.12	120	117	5.9
Associated Dry Goods 1st	6 (C)	29.92	27.67	24.10	No	102	5.9
American Cyanamid	6 (C)	*20.53	*29.53	*24.24	120	100	6.0
Loew's, Inc.	6½ (C)	....	....	....	105	108	6.0
International Silver	7 (C)	16.08	24.39	30.82	No	115	6.1
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	115	6.1
Devoe & Raynolds 1st	7 (C)	37.29	49.70	53.23	115	115	6.1
Goodrich (B. F.) Co.	7 (C)	51.57	13.96	39.19	125	115	6.1
Radio Corporation	3.5 (C)	10.31	13.86	20.02	55	57	6.1
U. S. Smelting, Ref. Mng.	3.5 (C)	5.97	6.25	6.28	No	56	6.2
Victor Talking Machine	7 (C)	nil	38.44	35.00	115	112	6.3
Central Alloy Steel	7 (C)	....	35.11	27.26	110	112	6.3
Bush Terminal Debentures	7 (C)	16.01	16.81	18.88	115	108	6.5
Goodyear Tire & Rubber	7 (C)	....	11.83	18.80	110	103	6.8
International Paper	7 (C)	12.58	11.31	7.42	115	94	7.4

C—Cumulative. N—Non-cumulative. † Cumulative up to 5%. § Earned on all pfd. stocks. * Years ended June 30. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

accompanied by an increase in the speed per train.

It it apparent that Bangor & Aroostook reports an average gross tons per train, below that of most other carriers. This is due to the fact that it carries agricultural products predominantly, which do not load heavily. Moreover, being an originating road, it finds itself necessary to gather its tonnage from many branch lines, along which the traffic density is relatively thin.

The economies derived are reflected in a reduction in train hours which decreased from 62,999 in 1923 to 61,684 in 1927. For the ten months' period ending October 31, 1928, train hours were 49,405 as compared with 51,386 in the corresponding period of 1927. This item reflects the principal cost of train operation, namely, wages and fuel. The latter reflects a considerable reduction. In 1923, 172 lbs. of coal were consumed per 1,000 gross ton miles and in 1927, this was reduced to 140 lbs. In the first ten months of 1928, 137 lbs. were reported as against 138 lbs. in the corresponding period of 1927. The unit of operating efficiency, gross ton miles per freight train hour, increased from 11,108 in 1923 to 13,367 in 1927. For the ten months' period ending October 31, 1928, gross ton miles per train hour were 13,351 as compared with 13,271 in the corresponding period of 1927.

Sound Physical Condition

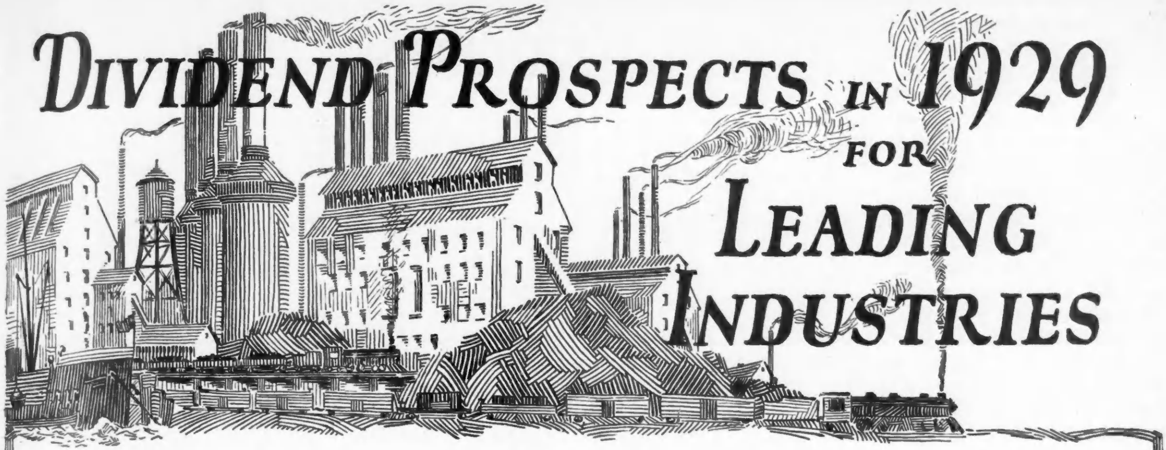
Although lower maintenance of way contributed slightly to this showing, the property is undoubtedly in satisfactory physical condition. Maintenance expenditures were practically consistent for the period. Were the property undermaintained, however, the company's satisfactory showing from an operating standpoint, would not have been possible. Expenditures on equipment were also sufficient.

Repairs per locomotive mile were well within the limits prescribed by sound shop practice, averaging 25c per locomotive mile. Freight car repairs which were rather heavy being 3.57c per car mile in 1923, were reduced to 2.91c in 1927. There is reason, however, to regard even this figure as rather excessive and the declining tendency indicates that a more normal result of approxifately 1.3c per freight car mile may ultimately be attained. A reduction of 1.5c per freight car mile based on the average of 21.5 million miles reported during the period under consideration, would result in a further annual saving of $322,500. The foregoing amount is equivalent to $3.00 per share on the outstanding common stock.

Equipment hire though subject to very wide fluctuation, reflects a credit balance, but since 1923, this item has declined from $507,758 to $227,711 in 1927. While this has resulted in a considerable loss in net income, it nevertheless indicates that Bangor & Aroostook has ample equipment. Net income in 1923 was $594,911 and in 1927, $1,139,723 was reported.

An analysis of comparative balance (*Please turn to page* 790)

Dividend Prospects in 1929 for Leading Industries



Part II

Steel		Agricultural Equipment
Automobile	Sugar	Railway Equipment
Accessory and Tire	Leather and Shoe	Manufacturing Equipment
Merchandising	Chemicals	Building Equipment

NOTE: We are reprinting in full the general remarks published in connection with the first section of the Dividend Forecast, covering railroads, public utilities, petroleum, mining and metal companies, which appeared in the last issue. This is for the benefit of those readers who may not have seen the last issue.

This Annual Dividend Forecast of the MAGAZINE OF WALL STREET is published as a guide to future investment, and should serve as a convenient reference work to be used by subscribers and readers for several months to come. The feature should be particularly valuable at this time when the first actual intimations of early 1929 business are just coming to hand. We have just closed a prosperous year for business and industry generally, during which dividend disbursements have been of record liberality. The current outlook is also highly favorable and presages high activity in many lines. To what degree will this activity be translatable into earnings to justify as large or larger dividends than previously? What industries are in the strongest position and more particularly what companies will be so situated as to maintain an attractive dividend policy? The answers to such questions are the objectives of the Forecast.

Our surveys and investigations indicate the likelihood of an unusual number of dividend revisions in coming months. With sound position of business supported by expanding consumption, high purchasing power and the absence of inflationary tendencies, it is altogether probable that in many cases these revisions will be largely in stockholders' favor. Several more industries are faced with favorable prospects than was the case a year ago whereas those whose profit position is already satisfactory may be expected to make further progress under the promising business activity indicated for the current year. As a matter of fact even if business failed to advance to the levels expected, the financial position of most of our leading corporations is unusually strong, so strong as to act as a safeguard to a liberal dividend policy even if earnings were somewhat impaired. Generally speaking it seems difficult to take other than a constructive and optimistic view of dividend prospects.

It seems desirable to emphasize the point that our ratings of dividend possibilities are intended to point out *possibilities* rather than *certainties.* Although statistical proof may be offered of dividend action that may be logically expected, there is always an element which can never be forecast in advance and that is the attitude of the management toward changes in the dividend rate. A company may be in a position to raise or lower the dividend, but such action, though inherently logical, may be postponed long after it might be expected in view of special circumstances that might arise and thus influence the management's viewpoint. In this dividend forecast, we have noted only the possibilities although such dividend action as presented should materialize.

The tables are designed therefore with an eye toward indicating dividend possibilities in the first place, and market possibilities in the second. These ratings are based on investment rather than speculative considerations, although the latter have been taken into account in special cases.

A-1 Should eventually be worth more on intrinsic value

A-2 Sound investment holding with limited attraction on current price basis

B-1 Issue has inherent merit but occupies speculative position at present

B-2 Stock occupies uncertain speculative position

Wherever the figures have been available, we have indicated the 1928 earnings, in other cases they have been estimated. Such estimates, of course, in the nature of things cannot be considered as exact figures and some allowance should be made for deviation from the figures to be ultimately published by the companies themselves.

Steel Industry Position Secure

Expansion in First and Second Quarter Profits Likely

NOT in years has the steel industry faced a more encouraging period. First quarter earnings, in the light of present conditions, are expected to show substantial gains over those for the first quarter for 1927. True, prospects for second quarter business are not altogether clear since the volume of business may be affected adversely to some degree by credit market conditions. At the same time, even though the post-Spring seasonal let-down should prove somewhat more marked for this reason than usual, earnings for the second quarter likewise promise well.

Last year, production of steel ingots reached a record total, notwithstanding the comparatively slow business of the first half. An encouraging feature of the recovery experienced in the last two quarters was the wide distribution of demand. Orders flowed in from substantially all the principal consuming industries.

The heavy demand for steel enabled producers to make a much desired readjustment of price levels in their favor. Accordingly, they entered the current year in an exceptionally strong position. Profit margins have been widened with prospects favoring maintenance of firm, and possibly, in some cases, still firmer prices. Consumers have been at a disadvantage owing to their failure, or inability, to maintain adequate reserves.

This combination of expanding demand and higher prices, obviously, has placed the manufacturers in a position to materially enhance their earning power. At present, only the building industry, among the larger consumers of steel, seems in a relatively uncertain position. In the case of the latter, high money rates may exert a restraining influence upon activity.

As a result of the accumulating demand in the last quarter of 1928 and the continued large buying witnessed thus far in the current year, steel companies are well fortified with unfilled orders. Production, accordingly, is being held to levels that, even without the assistance of wider profit margins, would be considered favorable to net earnings. An indication of the results which may reasonably be expected during the first half of the current year has already been given by the fourth quarter statements of such companies as have reported to date.

Naturally, the marked improvement in third and fourth quarter profits, taken in conjunction with the probable maintenance of substantial profits during the early months of 1928, afford assurance that changes in dividend payments among the steel companies will be advantageous to shareholders. In this connection, it is to be recalled that the iron and steel industry has been operating on a decidedly more stable basis in recent years. Fluctuations in demand and production schedules are no longer accentuated. Hence, there is less uncertainty about earning tendencies.

Position of Leading Steel Stocks

	Earned $ per Share 1927	1928	Price Range 1928 High	Low	Recent Price	Div. Rate	Yield %	Rating	COMMENT
Bethlehem Steel	$5.02	$6.52	88	51	90	$4.00	4.4	A-1	Dividends recently resumed at $4 rate. No change likely for some time to come.
Byers (A. M.)	s4 77	s5.76	206	90	147	none	nil	B-1	Earnings sufficient to justify moderate div.
Central Alloy	1.41	e3.00	48	28	48	2.00	4.2	A-2	Possibility of some increase later in year in event steel business holds current pace.
Colo. Fuel & Iron	7.10	e3.00	84	52	70	none	nil	B-1	Falling off in net last year postpones likelihood of dividends.
Crucible Steel	7.03	7.06	93	69	87	5.00	5.8	A-1	Officially indicated that company will distribute holdings of own stock acquired as investment in form of stock div.
Gulf States Steel	4.93	6.28	73	51	73	4.00	5.5	A-2	Resumption of dividends at current $4 rate represents maximum expectation for the present.
Inland Steel	5.16	7.63	80	46	85	3.50	4.1	A-1	Dividend recently increased from $2.50 to present rate. No further change in nearby prospect.
Ludlum Steel	1.67	t3.38	89	25	77	2.00	2.6	B-1	No upward revision probable until earning power is more fully developed.
Otis Steel	0.76	3.82	40	10	40	none	nil	B-1	Rapid and marked improvement of earnings makes stock logical candidate for div.
Republic Iron & Steel	4.22	5.74	94	49	82	4.00	4.9	A-2	Paying about all earnings justify at present.
Sloss-Sheffield	6.82	NF	134	102	123	6.00	4.9	A-2	No immediate change in rate anticipated.
Superior Steel	def	0.29	56	18	42	none	nil	B-2	Low average earning capacity. Outlook improved, but divs. do not appear in nearby prospect.
Transue & Williams	0.14	e3.00	59	44	49	1.00	2.0	B-1	Fair possibility of moderate increase in current rate.
U. S. Cast Iron Pipe	4.22	1.62	53	38	40	2.00	5.0	B-1	Dividend earned by slender margin last year. Paying about all earnings appear to justify.
U. S. Steel	8.80	12.47	172	132	180	7.00	3.9	A-2	Extras a possibility in view of earnings, but early change in current rate improbable.
Vanadium	4.97	e6.00	111	60	115	‡4.00	3.5	A-2	May pay more eventually. More immediate prospect, however, is for establishment of current $4 with extras as regular.
Va. Iron Coal & Coke	def	def	50	25	25	none	nil	B-2	Uncertain earning power renders dividend outlook unpromising.
Warren Foundry & Pipe	1.27	NF	36	13	27	none	nil	B-2	Earning capacity not sufficiently developed to raise hopes of early dividend.
Youngstown Sheet & T.	6.10	e9.00	115	83	110	5.00	4.5	A-1	Prevailing rate well protected with good prospects for increase in course of time.

e Estimated. p Plus 1½% in stock. ‡ Partly extra. § Earnings of Replogle Steel Co., predecessor. †† On increased stock. s Year ended Sept. 30. t Ten months. NF—Not available.

High Rate *of* Activity *in* Automobile Industry

Following a record breaking year in the automobile industry, the current year has begun with an auspicious start, and the first half of 1929 at least should see activity approaching record breaking proportions. The industry is proceeding on a very confident basis, with individual outputs of practically all the manufacturers set at figures higher than attained by them before. While the optimistic estimates of the individual manufacturers may not be achieved, still it is estimated in conservative quarters that the aggregate output of passenger cars and trucks in the United States and Canada for the first six months of this year will exceed the previous record established in the first six months of 1926, and will be considerably above the output for the first six months last year. The prospects of the industry for the second half of the year are necessarily still uncertain.

The normal trend in the automotive industry is for increased production due to the increased replacement demand over previous years, plus increased demand from overseas markets which are expanding very rapidly, plus a reasonable amount of natural growth, all of which should swell the total to a point where the output should establish a new record of production. The number of cars in daily use has increased tremendously for many years past and as the average life of a car is about six or seven years, the demand for replacements has steadily been becoming more important and now is probably the largest single factor in the industry, although there is still a large demand by new users due to the more universal use and to the natural growth of population.

Our automobile export market is growing rapidly, last year about one-sixth of our output being shipped to foreign countries. In markets like South America and Australia, where distances are great and adequate transportation facilities are lacking, there is an immense market for our cars and trucks. Even in the industrial countries of Europe, we are making enormous progress because of our superior manufacturing skill at low cost.

Competition which has been keen in the last few years will probably be more so this year than ever before. The chief competitive struggle will center in the low and low-medium priced field. In the low priced field, Ford will again be an important factor. In the first half of last year Ford's production was only a relatively small amount, but now has attained full stride in the production of his improved model, while Chevrolet's production of its new low-priced six cylinder

Position of Leading Motor Stocks

	Earned per Share		Price Range 1928					% Earned on		
	1927	1928e	High	Low	Div'd Rate	Recent Price	% Yield	Market Price	Rating	COMMENT
Brockway Motor Truck.....	5.56	7.00	75½	45½	3.00	65	4.6	10.8	A-1	Increase in dividend probable later in year, with a possible stock dividend also.
Chrysler (Dodge)	6.58	6.00	140½	54¾	3.00	102	2.9	5.9	A-2	Conservative dividend policy in view of ambitious expansion program.
General Motors	5.27f	6.20f	90f	52f	3.00	80	3.7	7.7	A-2	Stock recently split 2½ for 1. Higher aggregate dividend likely, probably as extras.
Graham-Paige	nil	0.75	61¼	16¾	...	45	...	1.7	A-2	Company has made rapid progress, and earning power is being developed, but dividends will probably be deferred for some time.
Hudson	9.04	8.43	99⅞	75	5.00	85	5.9	9.9	A-2	If 1929 schedule is realized earnings will increase sharply, and higher dividend distribution possible.
Hupp (Chandler)	2.70	7.50	84	29	2.00a	74	2.7	10.1	A-2	Pays in addition to $2 cash dividend a stock dividend of 10% per annum on quarterly basis.
Mack Trucks	6.60	8.00	110	83	6.00	108	5.6	7.4	A-1	Earnings have shown sharp recovery and higher dividend, probably in form of extra, is possible.
Nash	8.30c	7.50	112	80¼	6.00b	105	5.7	7.1	A-2	Policy of paying extras now at the rate of $2, in addition to $4 regular, will probably be continued.
Packard	3.82d	7.28d	163	56¼	5.50b	131	4.2	5.6	A-2	Present policy of paying extras will probably be continued.
Pierce-Arrow	nil	nil	30⅞	18½	...	32	...	...	B-1	Must develop earning power before dividends are paid. Association with Studebaker has strengthened outlook.
Reo	2.36	2.75	35¼	22½	1.70b	28	6.1	9.8	A-2	Dividends adjusted by paying extras in addition to $0.80 regular. No change anticipated.
Studebaker	6.09	7.00	87½	57	5.00	87	5.8	8.0	A-2	Will pay quarterly stock dividend of 1% in addition to $1.25 cash.
White	nil	3.00	43¾	30¼	1.00	47	2.1	6.4	A-2	Higher dividend will probably be restored as company recovers earning power.
Willys-Overland	2.04	3.00	33	17¾	1.20	29	4.1	10.3	B-1	If year progresses satisfactorily cash dividend may be increased, or stock dividend may again be declared.
Yellow Truck	nil	nil	57¾	27⅝	...	37	...	...	B-1	No chance for dividend until company attains sound footing from earnings standpoint.

a—Plus extras. b—Including extras. c—Year ended Nov. 30. d—Year ended Aug. 31. e—Estimated. f—On basis of split-up stock.

Position of Leading Tire and Accessory Stocks

	Earned per Share 1927	Earned per Share 1928e	Price Range 1928 High	Price Range 1928 Low	Div'd Rate	Recent Price	% Yield	% Earned on Market Price	Rating	COMMENT
Briggs Manufacturing ...	0.58	3.50	63⅝	21⅛	..	50	..	7.0	A-2	Dividend payments probable this year in view of prospects of greatly increased earnings in 1929.
Collins & Aikman	1.63c	1.16h	111¾	44	..	53	..	2.2	B-1	Resumption of dividend will probably be deferred until earning power has recovered further.
Continental Motors	0.71d	1.12d	20½	10	0.80	23	3.5	4.9	A-2	Larger earnings probable through entry of company in aviation engine field.
Eaton Axle & Spring......	3.11	6.00	68⅛	26	3.00	69	4.4	8.8	A-1	If present bright prospects materialize, higher dividend likely later in year.
Electric Auto-Lite	2.66	8.00	136⅛	60	4.50f	151	3.0	5.3	A-2	Additional dividend distributions will probably continue in the form of extras. (Regular div. $4.00.)
Fisk Rubber	1.07a	nil	17¾	8⅞	..	17	..	..	B-1	Improved outlook for 1929 indicates recovery in earning power, but preferred dividends still suspended.
Gabriel Snubbers, Class A..	4.80	1.75	28⅛	15	..	29	..	6.0	B-1	Is attempting to stage a come back through new type shock absorber, but outlook dubious as yet.
B. F. Goodrich	15.14	1.48	109¼	68½	4.00	92	4.3	1.6	A-1	Prospects of much better earnings this year may mean higher dividend later.
Goodyear T. & R..........	11.84	8.00	140	45⅛	..	118	..	6.8	A-1	Present outlook appears fairly encouraging toward resumption of dividends within reasonable period.
Kelly-Springfield	nil	nil	25½	19¼	..	20	..	..	B-1	No dividends on common for some time. Earnings record very checkered in last six or seven years.
Lee Rubber & Tire........	2.61b	0.85d	26¼	17¼	..	21	..	4.0	A-2	Recovery in earning power is expected with better conditions in the industry, but dividend payments will probably be deferred.
Marlin Rockwell	2.69	5.00	83	45¼	3¾f	74	5.1	6.8	A-2	Probably will continue present policy of paying extras during 1929.
Motor Products	3.24	17.00	218¾	94	2.00	182	1.1	9.3	A-1	Can easily lift dividend, and stock split up is also within range of possibility.
Motor Wheel	2.71	5.50	51¼	25⅝	2¼f	44	5.1	12.5	A-1	Continued good prospects indicate high level of earnings, and policy of paying extras in addition to $2 regular will probably be continued.
Mullins Mfg.	5.13	6.52	95¼	69¼	..	64	..	10.2	A-2	Conditions favor early resumption of dividends, which have been suspended since 1921.
Murray Corp.	0.91	2.50	124¼	21½	..	69	..	3.6	A-2	Has retired $4,000,000 bond issue by sale of additional stock. Prospects excellent and div. likely later.
Spicer Mfg.	2.94	6.20	51⅝	23½	..	50	..	12.4	A-1	Has retired all bonds and preferred stock. Early resumption of div. likely as earnings are substantial.
Stewart-Warner	8.67	12.92	125⅛	77¼	6.00	130	4.6	10.0	A-2	Two for one stock split-up will be proposed soon; new stock will receive $0.87½ in cash and 2% stock quarterly.
Stromberg Carburetor	1.12g	3.85g	52¾g	23½g	3.00g	62	4.8	6.2	A-2	Prospects excellent based on large contracts for 1929. Increase in dividend depends on realization of these prospects.
Timken Roller Bearing	4.25g	5.50g	77	56½	3.00	75	4.0	7.3	A-2	Stock recently split-up two for one, but prospects appear good for 1929, and higher dividend may come later.
United States Rubber......	nil	nil	63¼	27	..	49	..	..	B-1	Dividends on common remote, as preferred stock has not yet resumed payments.

a—Fourteen months ended Dec. 31st. b—Ten months ended Oct. 31st. c—Six months ended Nov. 30th. d—Year ended Oct. 31st. e—Estimated. f—Including extras. g—On new split-up shares. h—Nine months ended Nov. 30th.

model is rapidly increasing. The large projected outputs of these two leading companies and the record output planned by the others in this field can mean only intense competition. In the low-medium priced field, that is the $1,000 price range, three more companies have been added to the seven who were competing for this business in this particular part of the market last year and the newcomers are strong companies, capable of putting real merchandising force behind their efforts. In a number of instances prices on automobiles have recently been reduced. In view of the higher cost of the raw materials entering into

(*Please turn to page* 788)

Chemical Industry Enjoying Increasing Prosperity

THE prosperous year experienced by the chemical industry in 1928 was amply reflected by the increase in net earnings of most companies over 1927 which itself was one of the best in the history of the industry. Fundamental conditions are still very good, so that perhaps even better results are likely in the first half of the current year than the same period last year.

The expanding production of rayon, plate glass, paint and varnish, lacquers, fertilizers, petroleum products, and soap, are making larger demands on chemicals, while the trend in our export trade in chemicals showed marked gains upward.

Taking some of the chief chemical industries separately we find that the output of the by-product coke ovens, consisting of coke, gas, light oil, tar and ammonia was the largest in the history of this industry, the total exceeding by 9 per cent the production of 1927 and by 7 per cent the output of the previous record year 1926. The sulphuric acid

Position of Leading Chemical Stocks

	Earned per Share		Price Range 1928		Div'd	Recent	%	% Earned on Market		COMMENT
	1927	1928e	High	Low	Rate	Price	Yield	Price	Rating	
Air Reduction	3.46	4.50	99⅝	59	3.00a	107	2.8	4.2	A-2	With continued progress, company will gradually increase rate of dividend.
Allied Chemical & Dye	10.03	11.00	252¾	146	6.00	290	2.1	3.8	A-2	Split-up of stock appears likely, with possible higher aggregate dividend.
Amer. Agricultural Chem.	nil(c)	1.59c	26	15⅝	...	20	..	7.9	B-1	No dividends on the common until preferred arrearage and corporate deficit are adjusted.
Commercial Solvents	9.25	13.19	250¼	137⅞	8.00d	233	3.4	5.7	A-2	Continuance of 2% semi-annual stock payments indicated in addition to cash dividend.
E. I. Du Pont de Nemours	4.41b	5.97b	144b	88½b	5.20a	187	2.8	3.2	A-2	Stock recently split-up 3½ for 1. Probably will continue policy of paying extras as earnings warrant.
Mathieson	11.27	12.50	190	117¾	6.00	195	3.1	6.4	A-2	Earnings warrant increase in dividend distribution.
Union Carbide	9.53	11.00	209	136⅛	6.00	216	2.8	5.1	A-2	Increased rate warranted by earnings. Stock dividend not unlikely.
Virginia-Carolina Chem.	nil(c)	0.68c	20¾	12	...	22	..	3.1	B-1	Company doing much better, but common dividends will probably be deferred for some time yet.

a—Including extras. b—On basis of new stock. c—Year ended June 30. d—Plus dividend in stock. e—Estimated.

industry had its best year since the war, with production placed at 7,225,000 tons or about 4 per cent higher than 1927.

Production of fertilizer materials responded to the improving demand for fertilizers; output of sulfate of ammonia amounted to 661,000 tons and of acid phosphate to 4,050,000 tons, each approximately 9 per cent higher than in 1927.

One of the most important developments of the year was the completion and operation of a large plant for nitrogen fixation from the air. This offers a domestic supply of nitrogen which is expected to compete with Chilean nitrates and other nitrogenous materials which have a large outlet in the fertilizer trade.

Ethyl alcohol production in the fiscal year 1927-28 was placed at 173,600,000 gallons, about the same as the year before, but production during the first part of the succeeding fiscal year was increased by about 16 per cent over the same period the year before. The ethyl alcohol industry is enjoying a very prosperous period and earnings for some of the companies should be of more favorable proportions than in some time.

From indications so far, the volume of business in the chemical industry as a whole promises to continue during the first half of the current year at least the expansion shown during 1928. In many cases earnings are largely in excess of the dividends paid, so that it is not at all unlikely that higher dividends will be inaugurated by some of the companies during the present year.

Equipment Prospects Generally Bright

Railway Equipments Falling Into Step with More Prosperous Producers

IN the group of rather miscellaneous industries embraced by the general term, equipments, the farm implement companies are probably in the strongest position. They have enjoyed three years of unexampled prosperity with the result that their financial structures are now, with few exceptions, very strong. Though 1927 established new sales records in the agricultural machinery field, an even heavier volume of business was transacted last year. Farm implement sales for 1928 ran well over 20% ahead of 1927.

As was only natural, the marked and continued expansion of demand encouraged manufacturers to enlarge output, thus creating sharper competition. There is little or nothing to suggest that the keener struggle for orders will materially affect the outlook for farm implement producers, however. The somewhat narrower profit margins brought about by increased production are more than offset by compensating factors. Fuller employment of plant capacity, of itself, is one of these. Then again, the industry has substantially no inventory problem, since the high rate of foreign and domestic buying has tended to prevent an accumulation of stocks. Agriculture, with its purchasing power well sustained, has taken a leaf from the book of other industries and is bent upon using labor saving devices to the utmost. Hence, the farm equipment companies are expected to do as well, if not better, from an earnings standpoint, than they did in the thoroughly satisfactory year recently closed.

Machinery equipment producers were under the necessity of making some rearrangements of production facilities last year in order to meet new demands for modern machinery. Despite the extraordinary expenditures attending such changes, the industry experienced a year of substantial profits, due to increasing gross business. Most machinery manufacturers are operating at high rates, operations being protected by well filled order books. In the light of promising conditions elsewhere, the outlook for earnings and dividends in this division of the equipment field, accordingly, is encouraging.

Developments in the railway equipment market

Position of Leading Equipment Companies

Agricultural Equipment

	Earned $ per Share 1927	1928	Price Range 1928 High	Low	Recent Price	Div. Rate	Yield %	Rating	COMMENT
Advance Rumely	def	....	65	11	63	none	nil	B-1	Dividend not in early prospect.
Case (J. I.)	25.98	....	515	247	465	6.00	1.2	A-2	Seems logical candidate for stock div. or split-up.
Int'l Harvester	4.71	....	98	80	108	2.50	2.3	A-2	Rate established since split-up likely to stand for present.

Railway Equipment

	Earned $ per Share 1927	1928	Price Range 1928 High	Low	Recent Price	Div. Rate	Yield %	Rating	COMMENT
Amer. Brake Shoe & F'dry	$3.28	e3.50	49	39	60	†1.60	2.7	A-2	Indications that higher cash div. will supplant present policy of paying stock divs.
Amer. Car & Foundry	a4.16	a2.76	111	88	97	6.00	6.2	A-1	No likelihood of change in rate in view of existing situation in the industry.
Amer. Locomotive	4.80	e1.50	115	87	107	8.00	7.5	A-1	Present dividend policy will probably be continued indefinitely.
Amer. Steel Foundries	3.84	3.01	70	50	69	3.00	4.3	A-2	Could conceivably pay a little more but change unlikely.
Baldwin Locomotive	5.21	....	285	235	232	7.00	3.0	B-1	Price based upon other considerations than prospect of change in div. policy.
General Amer. Tank Car	5.41	5.74	101	60	99	¶4.00	4.0	A-2	Present policy of paying cash and stock div. represents maximum expectation for some time.
General Ry. Signal	7.78	5.25	123	84	106	5.00	4.7	A-2	Needs more definite indication of recovery in earnings to raise hopes of alteration in current div. rate.
Westinghouse Air Brake	2.69	e2.00	57	42	48	2.00	4.2	A-2	Recent earnings not such as to indicate revision of prevailing div. policy.

Building Equipment

	Earned $ per Share 1927	1928	Price Range 1928 High	Low	Recent Price	Div. Rate	Yield %	Rating	COMMENT
Bucyrus-Erie	2.94	e3.00	48	24	40	1.00	5.0	A-1	In position to increase current rate.
Devoe & Raynolds	5.47	6.26	61	40	58	‡3.20	5.6	A-1	Will probably continue to pay occasional extras.
Glidden Co.	3.03	4.34	37	20	42	‡2.00	4.8	A-1	Possibility of moderate increase in current rate.
Int'l Cement	6.89	7.87	94	56	94	4.00	4.3	A-1	Earnings would readily support higher rate.

Manufacturing Equipment

	Earned $ per Share 1927	1928	Price Range 1928 High	Low	Recent Price	Div. Rate	Yield %	Rating	COMMENT
Allis-Chalmers	10.02	11.28	200	115	180	7.00	3.9	A-2	In position to increase rate or split-up stock.
Fairbanks-Morse	2.77	e4.00	54	32	49	3.00	6.1	A-1	No early change in div. appears likely.
Ingersoll-Rand	6.40	....	127	90	124	‡6.00	4.8	A-2	Present dividend policy will probably be maintained.

a Year ended April 30. ‡ Partly extra. e Estimated. ¶ Plus 4% stock. † Plus 2% in stock.

within recent weeks have given this long depressed industry a new lease of life. Ordering of locomotives and cars has reached volume totals. Evidently railroad motive power and rolling stock has, at last, reached a condition of obsolescence by virtue of the dearth of replacements within the last three years or more. In any event, the carriers have adopted budgets for 1929 which indicate that their expenditures for railroad equipment will run substantially ahead of 1928.

Building operations, conceivably, may be hampered to some extent by prevailing money market conditions. It is probable, however, that speculative construction is likely to suffer most and, from present indications, there appears no prospect of a serious let-down in the demand for materials. In any event, most of the companies related to the building equipment industry have such widely diversified outlets for their products, as for example, in the field of public works, that a slowing down in residential and commercial construction would scarcely disturb their earnings.

Leading Merchandising Companies *in* Strong Position

AGGREGATE retail sales during 1928 are known to have reached a new high record and while, of course, the exact figure cannot be established the most reliable estimates place the total trade volume at about $60,000,000,000. During the early months of the year business in some lines fell slightly below that of 1927 but later, and especially during the period of the heavy holiday trade, sales were by a substantial margin the heaviest ever recorded, more than making good the earlier decline. The present outlook for 1929 is for continued gains based on active business and widespread prosperity.

Chain Stores

Sales of the leading chain stores systems, based on reports now fairly complete, show an increase of more than 18% over 1927, but this gain was due chiefly to the additional stores operated rather than to larger sales for each store. Aggressive

Position of Leading Merchandising Companies

	$ Earned per Share		Price Range 1928		Recent	Div. Rate	Yield	Market	
	1927	1928	High	Low	Price	$	%	Rating	COMMENT
Abraham & Straus, Inc......	$7.96*	e$8.50*	142	90	142	....	..	A-1	Company making excellent progress. Dividends unlikely now in view of large expansion program.
Associated Dry Goods Corp...	3.39	e4.00	75½	40¼	59	2.50	4.2	A-2	No change in dividend rate probable soon. Strong financial position.
Best & Company, Inc........	6.33*	e6.75*	102	53¾	85	3.00	4.1	A-1	Dividend rate conservative in relation to earnings. Might be increased. Enlarged store should insure further progress.
Drug, Inc.	4.90	e6.00	120⅛	80	119	4.00	3.4	A-1	Now showing benefits of 1927 mergers and subsequent expansion. Strong financial and competitive position. No immediate dividend change in sight.
Gimbel Brothers, Inc........	0.08*	e nil*	59⅞	34⅛	43⅛	....	..	B-2	Earnings for past two years have barely covered preferred dividends. No common dividends in sight, though earnings gains may result from changed policies.
Grand (F. & W.) Stores, Inc.	3.00	e3.75	94⅞	65¼	79	1.00	1.2	A-2	Making steady progress. Dividends recently initiated and no change likely for some time.
Kresge (S. S.) Company......	3.76	4.21	91¾	65	85	1.60	1.9	A-2	Dividend recently increased, no further change probable soon. Earnings showing good upward trend.
Kress (S. H.) & Company....	5.26	5.75	124¾	87	109½	1.00	0.9	A-2	Could well afford larger dividends. Progress has been steady and outlook is satisfactory. Expansion absorbs large sums.
Kroger Grocery & Baking Co.	2.85‡	3.46	132¼	73¼	105	1.00a	0.9	A-2	Cash and stock dividends likely to remain at present rates. Trend of progress remains good.
Macy (R. H.) & Co., Inc....	5.55*‡	e6.50*	187¾	134	164	2.00a	1.2	A-1	Cash and stock dividend recently established upon new stock will probably remain unchanged for some time. Good progress continues.
May Department Stores Co...	5.57*	e6.50*	113½	75	93	4.00	4.3	A-2	Sales and profits trend upward but dividend fairly liberal and no change is likely in immediate future.
McCrory Stores Corp. "B"...	5.26	e5.75	119¾	80½	109⅛	2.00	1.8	A-2	Earnings are satisfactory, but expansion program likely to absorb surplus and prevent near term dividend increase.
Montgomery Ward & Co......	3.84‡	4.77	156½	115¼	127	2.50	2.00	A-2	Report for 1928 showed remarkable progress but dividend rate established on new stock likely to stand for some time.
Oppenheim, Collins & Co.....	8.35†	6.86†	88½	67¾	72	4.00	5.6	B-1	Sales and earnings have been stabilized for some time. No change in dividend rate appears probable.
Schulte Retail Stores Corp...	4.90	e4.50	67½	35¾	34	3.50b	10.3	B-1	Trend of sales and earnings slightly downward. Stock appears to be discounting possible reduction in div. rate.
Sears, Roebuck & Company..	5.95	6.28	197½	82⅛	157	2.50c	3.1	A-1	Excellent gains last year and company in strong position. No change in rate of cash and stock dividends appears likely soon.
United Cigar Stores Co......	1.37	e1.60	34⅝	22⅞	23½	1.00	4.3	B-1	Dividend rate recently established likely to remain unchanged. Earnings gains slight, but leaseholds regularly increase in value.
Woolworth (F. W.) Company.	9.06	9.07	225¾	175½	200	6.00	3.00	A-2	Dividend was recently increased, no further change in sight now. Recent earnings gains slight.

e Estimated. * Years ended Jan. 31. † Years ended July 31. ‡ On basis of present capitalization. a Plus 5% in stock. b Plus 2% in stock. c Plus 4% in stock.

expansion of the various systems remains a fixed policy and the trend toward mergers into larger and stronger systems continues. The best gains were reported by the drug and grocery store chains, but the shoe, apparel and notion systems were also prosperous. In most cases net earnings increased in proportion to sales.

Mail Order Houses

Montgomery Ward and Sears, Roebuck & Co. both reported remarkable progress during 1928, based primarily upon the establishment of chains of retail stores. At the end of the year Ward had 250 of these outlets in operation and Sears was not far behind. The field for further expansion along the same lines is very great and the success of the general policy has already been fully demonstrated.

Department Stores

Nothing spectacular in the way of increased sales or profits is to be expected from the annual reports of the great department store units and groups. The fiscal years, in most cases, end January 31st and results are not yet available in detail.

Although sales for the first few months of the year averaged somewhat below those of 1927 because of unseasonable weather and backward trade conditions the big holiday trade probably brought final sales, in most cases, to levels some 3 to 5 per cent above those of the previous year and net earnings are expected to show some improvement, but the gains will be small as compared with those of the chain and mail order groups.

Independents

Statistics covering results of operations of the vast array of independent stores are unavailable. It is known that competition from the chains and from the great mail order houses with their retail stores is becoming keener every day and the trend is toward greater cooperation among the smaller units in order to secure some of the benefits and economies of large scale organization. Direct buying from manufacturers and control of factory output and operation on the part of the large chain systems is continuing to have an adverse effect on wholesalers and jobbers.

Market Outlook

Stocks of most large and successful retail organizations in which there is a public interest are now selling at prices which discount anticipated prosperity rather well in advance but many issues, especially upon recessions, are still attractive from the long range viewpoint.

Present dividend rates, in practically all cases, will be maintained easily and in some instances increased earning power would justify higher scales.

MANY UNCERTAINTIES *in the* SUGAR SITUATION

THE extremely low price of raw sugar at present is merely the reflection of the serious overproduction of this commodity. Inasmuch as the Cuban restriction has been abandoned, having proven unsuccessful after two years in operation, the full flood of Cuban raw sugar will again be let loose with the natural result that the price for raws has steadily been dropping to new low levels. Currently, the price is quoted appreciably below two cents per pound minus the duty, which level is practically the lowest in its history and below the cost of production for many of the Cuban producers.

World production of sugar in 1928 is estimated at 25,117,877 long tons, an actual increase of approximately 11 per cent over the 1927 output. Clearly, Cuba's effort to improve the price situation by curtailing output was wasted as other countries not only did not cooperate but actually increased their production much more than Cuba restricted her output. The present prospects indicate an even greater production for 1929, which is now estimated at 26,611,100 long tons, an increase of another 10 per cent. However, the attainment of this latter figure this year is not at all certain because continued depressed prices for raw sugar may discourage production elsewhere particularly of European beet sugar.

Placed in a position where it is necessary to export practically all the sugar produced, Cuba occupies a residuary position in many of the consuming markets of the world, as many countries have raised tariff barriers in favor of home producers or in favor of colonial production by preferential duties. The present serious situation of world overproduction and low prices has caused agitation for even higher tariffs in some countries, the enactment of which would work further hardship to the Cuban producers. In the United States, it now looks fairly certain that the duty on raw sugar will be increased, ostensibly to aid the domestic beet sugar producers as well as the cane producers in Louisiana, and in Florida. The cane sugar industry in the United States is showing a strong comeback under the aegis of the new variety of high yielding cane known as P. O. J.

Despite the uncertainties, there are a number of factors which would serve to solve instead of prolong the world sugar surplus problem. Consumption of sugar in Europe increased about 10 per cent during 1928, and in view of the present low price and the comparatively low per capita consumption, this rate should be maintained in 1929. Consumption of all sugar in the United States in 1928, according to Willett & Gray, increased 4.63 per cent over the previous year. Apparently there has been a large decrease in the invisible supplies of sugar to a point where refiner's takings should increase considerably this year. Sugar meltings in this country, which have been declining steadily for about two years reversed this trend in the latter half of 1928 and began to show appreciable increases.

As a result of the sharp drop in the price of raw sugar last year, and the restriction imposed, the Cuban producers sustained losses in contrast with 1927. The companies operating in Porto Rico, on the other hand, enjoyed greater prosperity than ever by virtue of increased output accompanied by

(*Please turn to page* 788)

Position of Leading Sugar Stocks

	Earned per Share 1927	Earned per Share 1928	Price Range 1928 High	Price Range 1928 Low	Div'd Rate	Recent Price	% Yield	% Earned on Market Price	Rating	COMMENT
American Beet Sugar......	nil(a)	0.76a	24⅛	14¾	...	18	...	4.2	B-1	Resumption of dividend on preferred stock dependent on improvement in domestic sugar situation.
American Sugar Refining...	1.49	10.00	93⅛	55	...	86	...	11.6	A-1	Refining situation appears under good control. Early resumption of dividend on common expected.
Central Aguirre	3.46c	3.85c	40	38	2.00	43	4.7	9.0	A-1	Outlook for this Porto Rican producer is fair. Higher dividend, if any, probably in form of extras.
Cuba Cane Pfd............	1.88g	0.43g	32⅜	13¾	...	17	...	2.5	B-1	Large bond issue maturing within less than a year a serious problem confronting company.
Cuban American	1.07d	nil(d)	24⅛	15⅜	1.00	15	6.7	...	B-1	While company's financial position is strong, loss of earning power on common jeopardizes dividend.
Great Western	1.38f	2.80e	38⅛	31	2.80	38	7.4	7.4	B-1	Dividend just about earned, but stronger financial position of company indicates probable continuance of dividend.
Punta Alegre	0.53g	nil(g)	34⅞	17⅝	...	17	...	...	B-1	Poor prospects of Cuban companies indicate no substantial increase in earnings, and hence possibility of dividends appears remote.
South Porto Rico.........	4.01g	5.20g	49⅜	32½	2¾b	41	6.7	12.6	A-1	Produces about one-half of output in Porto Rico. Outlook good, and higher dividends, if paid, probably in the form of extras.

a—Year ended March 31. b—Including extras. c—Year ended July 31. g—Year ended September 30. f—Year ended February 29, 1928. e—Estimated for year ended February 28, 1929.

Leather *and* Shoe Industries *in* Period *of* Readjustment

Low profit margins in both the leather and shoe trades last year affected adversely the earnings of the companies engaged in these industries, and as this condition still prevails currently, no definite upward trend in earnings for the first half of 1929 is apparent.

Hide prices after advancing sharply in the latter part of 1927, reached a peak in January, 1928, but from this point they gradually receded irregularly throughout 1928, and in January of this year experienced an especially sharp drop. While prices of raw hides are now more than 30 per cent under those of a year ago, still they are well above the levels of other recent years. The sharp decline recently was partly seasonal, and due to some extent to the poorer quality of winter hides coming into the market. For the most part, however, the price reaction seems to have run its course, and under normal conditions it is probable that somewhat higher quotations may be expected before the end of the year.

These uncertainties have been reflected in smaller demand for leather by consumers, principally shoe manufacturers. The latter have been purchasing only for actual requirements, in order to prevent losses should prices recede further. Some disturbance to the leather market has been caused by the use of substitutes which has increased as a result of the high leather prices prevailing during the first half of 1928.

The decline in hide and leather prices occurred in spite of a decrease in cattle slaughtering in the United States of more than 10 per cent during 1928. Imports of leather have mounted rapidly, aggregating in 1928 almost 25 per cent above the previous year. This, together with the curtailment in domestic demand last year caused inventories to show steady increase since the middle of 1928, to the highest total since November, 1926.

Probably the most important fundamental factor in the price situation is the fact that the supply of cattle both in the United States and the rest of the World is relatively short, and with hide supplies thus limited, for a considerable time to come, it is reasonable to expect that raw hide prices will follow an upward trend in the not distant future and with this will naturally come higher leather prices. Another influence which may enter the market is the possibility of a protective tariff, but shoe manufacturers oppose this policy as against the best interest of the shoe trade.

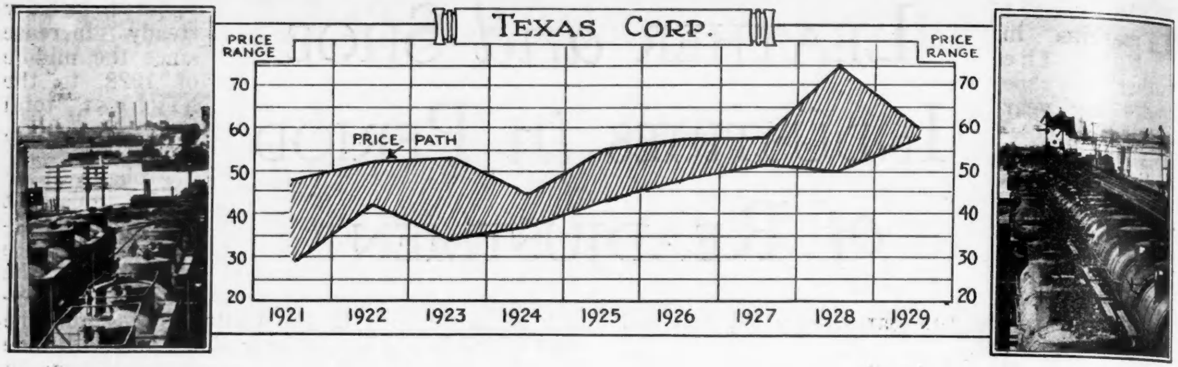
Shoe sales in 1928 were second only to those of the record year 1923, but an extremely low profit margin plus increased competition of foreign products resulted in a considerable decline in net earnings of many of the manufacturers. Prices of shoes were reduced toward the end of last year as a result of the sharp decline in leather prices and the intense competition. The large increase in imported shoes, amounting to more than 75 per cent in 1928 over 1927, has caused agitation on the part of the manufacturers for a protective tariff on shoes. While it will take some time to enact a measure of this nature, the inauguration of a duty on shoes would undoubtedly benefit the industry in the long run.

Despite some uncertainties, the outlook for the shoe industry for this year is encouraging and total output for the first half of the year should at least equal that of the same period of last year. From the viewpoint of profits, however, the rather low margin on which the companies are operating would indicate no appreciable increase in earnings, and larger dividends are not likely.

Position of Leading Leather and Shoe Stocks

	Earned per Share		Price Range 1928					% Earned on		
	1927	1928	High	Low	Div'd Rate	Recent Price	% Yield	Market Price	Rating	COMMENT
Amalgamated Leather	nil	nil	16¾	9⅛	...	9½	..	..	B-1	Preferred dividend arrearage mounting, making Common dividend more remote.
American Hide & Leather	nil	nil	15⅝	8¼	...	32½	..	..	B-1	Arrears on cumulative Preferred stock steadily increasing, and now amounts to over $167.
Barnet Leather	nil	nil	52½	23½	...	24	..	..	B-1	Earning power on the Common stock must definitely be developed before dividends are paid.
Brown Shoe	6.24b	4.60b	55½	44	2½	43½	5.7	10.5	A-1	A recovery of earning power to former level is probably necessary before management will consider increase in dividend.
Endicott-Johnson	7.57	6.00	85	74¾	5.00	76	6.6	7.9	A-1	No increase in dividend likely in near future, and then only if earnings mount sharply.
Florsheim Shoe "A"	4.62b	5.05b	56½	49¼	...	51	..	10.0	A-1	It is reasonable to believe that dividend action will be taken some time this year on the "A" stock.
International Shoe	4.55a	4.03a	87	62	2.00	70	2.9	5.8	A-2	In position to increase dividend and may do so this year if conditions continue favorable.
U. S. Leather	1.78	5.00	51	22	...	28	..	17.8	B-1	No dividends will probably be paid on the Common for some time, although earnings have been good.

a—Year ended November 30. b—Year ended October 31.



Texas Corporation

A STRONG OIL COMPANY *of* NATIONAL DIMENSIONS

Valuable Cracking Process—Sound Dividend Policy—Important Export Position

By N. O. FANNING

TEXAS Corporation became the first truly national oil organization in the United States since the dissolution of the Standard Oil Company in 1911, when it merged in 1927 with the California Petroleum Corporation and extended its activities to the Pacific Coast. Up to that time Texas had been operating in practically every state east of the Rockies. It is now represented in every important geographical oil producing division, refinery district or marketing territory of the country, its marketing operations covering all but two or three states of the 48. The policy of the company in recent years has been in the direction of strong representation in every important area, and great expansion along this line has taken place, with the result that "Texaco" petroleum products are nationally known.

Organized in 1927 under the laws of Delaware, Texas Corporation is a holding company, owning all the stock of the Texas Company of Delaware, California Petroleum Corporation and other operating subsidiaries. The original Texas Company was formed in 1902 under the laws of the State of Texas, and the recent change to Delaware was for the purpose of making possible further territorial expansion of operations.

In this article the name Texas Corporation will be used to designate the activities of all or any of the operating subsidiaries, including California Petroleum, the stock of which is over 96% owned.

The balance sheet of Texas Corporation as of December 31, 1927, shows total assets of $324,806,372, after deducting $140,786,411 for depreciation, depletion and amortization reserve. "Net worth," that is, capital, surplus and the reserves mentioned above, was as follows:

Capital	$180,481,075
Reserves	140,786,411
Surplus	111,059,396
Total	$432,326,882

Table I—Earnings and Dividend Record

	Net Earnings		Cash Dividends	
	Total	Per Share	Total	Per Share
*1928	$45,000,000	$6.20	$21,657,729	$3.00
1927	20,029,406	2.77	21,180,916	3.00
1926	36,043,331	5.48	19,734,000	3.00
1925	39,605,078	6.02	19,734,000	3.00
1924	26,458,275	4.02	19,734,000	3.00
1923	8,197,582	1.24	19,734,000	3.00
1922	26,583,973	4.04	19,734,000	3.00
1921	9,286,129	1.54	18,057,000	3.00
Total	$211,208,774		$159,565,645	

* Based on estimate credited to official sources.

These figures, in the opinion of many who have made a close study of the organization, do not fully reflect Texas Corporation's strong position in the oil industry, although in capitalization and assets it ranks as one of the first seven in the country.

Holmes-Manley Process

One of the so-called "hidden assets" of the company which, it is believed, does not show up in the available statistics, is ownership of the Holmes-Manley cracking process, used in connection with the manufacture of gasoline.

When "cracking" of heavy petroleum products to produce gasoline became general in the oil industry Texas Corporation was quietly working out its own method of pressure treatment which has become one of the first three or four processes in use at refineries in the country today. So valuable was the Holmes-Manley process considered to be that a few years ago the Standard Oil Company of Indiana, pioneer in the production of gasoline by "cracking" and owner of the famous Burton process, made a joint agreement with Texas Corporation, whereby both companies could use and license both the Burton and Holmes-Manley

processes and it is significant that Standard of Indiana has since installed a large number of Holmes-Manley units in its own plants.

The Holmes-Manley process, under this joint arrangement, has been licensed to numerous other oil refining companies throughout the United States, the two companies receiving royalties on all gasoline produced by it.

The real value of this process to Texas Corporation can be measured by the great increase in gasoline consumption and the fact that the increasing shortage of high grade crude is making more necessary each year the special treatment of lower grade materials to meet the demand. Texaco's position in the cracking field gives the organization a strong competitive position among the larger oil companies, which should be reflected in earnings when the gasoline market is stable.

Ownership of this process is directly reflected in the company's gasoline production. In 1926, from about 38,500,000 barrels of crude run through the refineries, the output of gasoline was more than 48%. This is an extremely high average yield, taking into account the large number of grades of crude run, including the heavier Gulf Coast and West Texas crudes.

Favorable Dividend Record

Another especially favorable feature of Texas Corporation is its dividend record. In the oil industry in the past the larger organizations have been prone to seemingly extreme conservatism, while many of he oil securities with good yields have lacked strong investment rating. Texas Corporation stock has offered a good yield over a period of years with safety, paying $3 a share in cash annually since 1921. During this period the stock has sold at a low price of $29 a share (in 1921), or at a yield of 10.3%, and the high price for the period was $74.75 in 1928, at which level the yield was approximately 4%.

That the dividend policy of the company has been conservative is indicated by the fact that only approximately 75% of net earnings over the past eight years (with 1928 earnings estimated) has been paid out in cash dividends. The record of net earnings and dividend payments since 1921 is given in Table I.

The total additions to surplus from earnings during the period is estimated at $51,643,129.

Financial Position

Texas Corporation is in good financial position. Its capital stock as of December 31, 1927, consisted of 7,219,243 shares of $25 par value. No funded debt existed at that date, but California Petroleum Corporation had funded debt of $18,500,000. Texaco's working capital during the seven years ending with 1927 has ranged from 66.64% to 119% of annual gross earnings.

At the close of 1927 current assets were $135,140,569 and current liabilities $29,942,179, a ratio of over four to one, and net working capital was $105,198,390.

At the same time it may be noted that profit and loss surplus totaled $111,059,396, equivalent to $15.38, or 61.52%, on the 7,219,243 shares of $25 par stock outstanding. This gives the stock an indicated book value of $40.38 a share.

The acquisition of California Petroleum Corporation, one of the leading oil units on the Pacific Coast, is regarded as one of the most important steps ever taken by the Texas Corporation. It not only broadened its activities, but enlarged its facilities in every branch of the oil industry and gave it a stronger basis than ever on which to expand, both in the United States and abroad.

The physical effect of the merger can best be described by Table II, giving operating statistics of Texas Corporation before and after acquisition of California Petroleum Corporation.

Table II—Operating Statistics

	Texas Corp.-Cal. Pete (Est.)	Texas Corp. alone
Crude oil output, annual, bbls	41,000,000	26,000,000
Refining capacity, daily, bbls	191,000	156,000
Natural gasoline plants, number	31	19
Daily capacity, gals	150,000	100,000
Tank steamers, number	31	23
Gross tanker tonnage, tons	165,000	112,000
Oil storage capacity, bbls	70,000,000	58,000,000
Pipe lines, miles	5,600	5,200
Producing and prospective oil acreage, acres	3,809,336	2,922,887
Bulk and service stations, number	5,700	5,600
Tank cars, number	6,300	6,300

Texas Corporation, including California Petroleum, has a large number of oil refineries, located adjacent either to crude production or marketing territory. The principal plants, with their location and capacity, are as follows:

	Daily Capacity, Bbls.
Port Arthur, Texas	75,000
Port Neches, Texas	25,000
Dallas, Texas	15,000
Tulsa, Oklahoma	10,000
Lockport, Ill.	6,000
Casper, Wyo.	6,000
Craig, Colo.	1,000
Pryse, Ky.	3,000
Shreveport, La.	5,000
Philadelphia, Pa.*	2,500
Providence, R. I.*	2,500
Watson, Calif.	30,000
Tampico, Mexico	10,000
Total	191,000

* Asphalt plants.

Foreign Operations

Texas Corporation is one of the leading oil export organizations of the United States. Its marketing operations abroad cover principally Europe, the Near East and Far East. The company is understood to be a member of the newly formed American Oil Export Association.

The company has also given due attention to the development of future crude oil reserves outside the country. In Venezuela over 100,000 acres of prospective oil lands are controlled, and prospecting is now under way.

The Outlook

Texas Corporation's strong position in the gasoline industry as a result of its ownership of the Holmes-Manley cracking process, its demonstrated earning power and favorable dividend record appear to make the stock attractive among the stronger securities of the oil group.

Recent expansion appears to be along the lines best adapted to changing conditions in the oil industry, such as the acquisition of California Petroleum Corporation and the increase in directly controlled retailed market outlets.

The entrance of new banking interests is indicated by the purchase in 1928 of 200,000 shares of the company's capital stock at $55.50 a share by Fisher & Co., Inc., and by the election of W. A. Fisher to the Board of Directors.

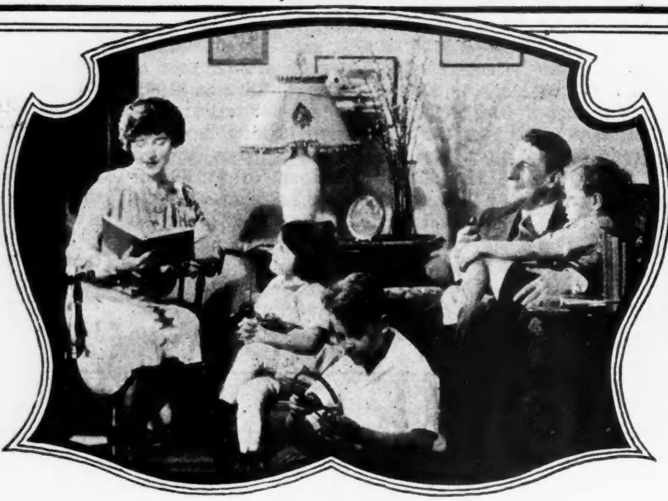
Developments in the company in recent years have not yet been fully reflected in earning power because of generally low prices for crude oil and refined products.

Whether such unfavorable levels will continue during the months immediately ahead is of course predicated on the success of the various efforts being made to control excessive production. At present the record output of the country coupled with large stocks of crude and refined products is exerting considerable pressure on prices, but, on the other hand, the industry as a whole is now fully aliv to the necessities of the situation and important units show a tendency to cooperate as never before and it is quite possible that market improvement in the statistical position of the industry may be achieved to the benefit of leading companies.

EDITORIAL PAGE

Building Your Future Income
Department

The Building Your Future Income is the contribution of The Magazine of Wall Street to the financial education of the Nation's present and future investors. The articles appearing in this section are widely used by students in the classroom, in the financial training of the younger business executives and in the investment "upbringing" of young people in the home. These pages, in addition, offer a unique medium for the interchange of ideas and experiences of readers, building up over a period of time a veritable fund of practical knowledge that would otherwise be lost to the younger generation of investors.



The Protection of Investment Education

ELSEWHERE on these pages, an article is presented which gives valuable information relative to methods of "safeguarding" the proceeds of a life insurance estate, after the death of the creator of the estate. The protection offered by these practices, however, is essentially of a negative nature—it merely prevents the improper use of such funds by *limiting the amount of money that is paid out* to the heirs or beneficiaries. Obviously, these methods are no "cure-all" for the investment mistakes that are so likely to be experienced by the wife or child who suddenly comes in for a large sum of money without the knowledge or training in the proper methods of investing money.

The wise provider will employ a "positive" method of safeguarding the future welfare of his dependents—the protection of investment education. The investment markets and the various mediums of safely employing investment funds are not quite so foreign a realm to wives and children in these modern days as was the case a generation ago. However, it is not well to take too much for granted. There is a world of difference between merely "discussing" one's investments with the wife and children and actually taking steps to assure their investment education.

Interest in financial matters is a prerequisite to a really practical education. This interest might be stimulated by giving the future recipitants of an estate an opportunity to play some part in its management now. Take your son or daughter to the vault and let them clip your coupons for you. Encourage your wife to make the selection of your next bond; if you approve of the choice let her actually place the order and handle the entire transaction from start to finish. It will be an interesting experiment for you, while you are on hand to supervise and offer suggestions, and will be a most valuable experience for her in anticipation of the time when it may be necessary for her to take care of the family investment matters.

You teach your children to wash their hands; brush their teeth; read worthwhile books; perform the social graces; drive your automobile and behave themselves when the guests arrive. Why not go just one step further in their education and open up their eyes to the mysteries of stocks, bonds and finance. Some day they will be in urgent need of this training also.

Intelligent Use of Present Income Will Assure Financial Independence

Cooperation in Household Management Brings Financial Success

A Thrift Plan That Places the Householder on a Business Basis.

By J. P. REDWOOD

THE success of an investment program depends on the wholehearted cöoperation of man and wife, in the budgeting of their expenses so that savings are possible.

Having been warned that disagreement over finances was one of the chief causes of marital unhappiness, we started at once budgeting and accounting for our expenses. We have finally evolved the following plan which works extremely well. Expenses pertaining to the house, the children, their clothing, laundry and household service, and food are paid by my wife. Taxes, repairs and improvements, heat, automobile expense and insurance are paid by me. We have separate checking accounts and on the first of every month I deposit to my wife's account an amount which we have found will cover her expenses, including personal items, and allows her to make some savings. The remainder of my salary covers my expenses, as outlined above, my personal expense and my savings.

This scheme of placing the household on a strict business basis was the most important step in our investment program as it allows us to plan ahead what we have to invest and more important than that, in our eleven years of married life we have never had a quarrel over finances. My wife is as independent financially as she was before our marriage and her money is her own to spend.

Our investment program included, first, life insurance; second, owning our own home; third, educating our children, and fourth, becoming financially independent at 60.

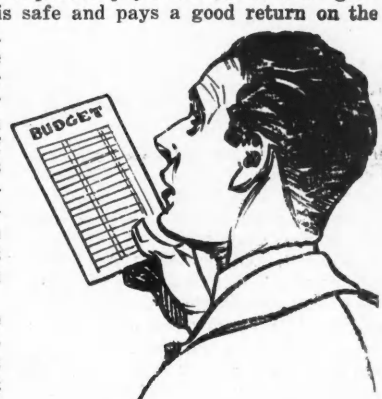
My life insurance consists of two policies, one for \$5,000, which is an endowment policy and which by allowing the dividends to remain with the company will mature at the age of 55. Face value is payable in a lump sum at death. The other is a straight life policy face value \$10,000, payable in monthly installments for a period of years after the death of the insured.

The first home that we owned, we sold at a profit of \$800 when we moved to better my position. We had only owned it two years but we had improved its appearance and the appearance of the grounds and our profit was due to that. The house in which we now live we have owned for four years and its value has appreciated \$1,000 in that time. It is a new house in a new section, bought before the street was fully improved and built up.

Both of these houses were bought on borrowed money and were well built; moderate priced houses of a type that is easily salable. They were good investments as we are able to make many improvements ourselves, at very low cost, that made the property more valuable. We pay a fixed amount on the principal of our loans each year as well as the interest on the loans out of my salary. We know that, for us, owning a house is much better than renting because in both cases it has resulted in a profit, while in renting at a higher amount per month than our carrying charges on our house we could of course have no profit on any improvements that we made in the property.

Having three children to educate, two boys 10 and 8, and a girl 2 years old we wished to form some plan for educating them which would not require all of the money to be spent at the time they were in college. In the case of the boys there will be one year when both of them will be in college.

We plan to have the children prepare for college in the public schools. Assuming that a four year course, if the children are economical, will cost \$5,000. One-half of that we plan to pay at the time the child is in college. The other half is being prepared for now. We have taken the number of years before the child is to enter college and computed the amount of money which must be saved each month and placed at compound interest to equal \$2,500 at the time the child is ready to enter. This money is paid each month to a broker as a partial payment toward some good security that is safe and pays a good return on the investment.



No allowance is made for appreciation or depreciation in the value of the securities as it is assumed that appreciation in one will offset depreciation in another.

To secure financial independence at 60, we invest our savings in (*Please turn to page* 798)

Intelligent Use of Present Income Will Assure Financial Independence

Two Methods of Guaranteeing Lasting Benefits from Insurance

Discussing the relative advantages of "Optional Modes of Settlement" by insurance companies and of "Life Insurance Trusts"—costs and income paid under those methods.

By FLORENCE PROVOST CLARENDON

THE man who takes out life insurance for his dependents provides immediate protection for them in event of his death. While other assets in his estate may not permit of forced liquidation without loss, life insurance provides immediate cash in full amount at the will of the applicant. Death claims receive precedence over other routine business of life companies, and it follows that such claims are immediately paid on submission and approval of the necessary documents. A check in payment of proceeds is usually sent off the same day the claim is completed; sometimes handed to the messenger.

The responsibility of the man who has thus protected his family does not end, however, with the initial step of taking life insurance, and his subsequent payment of premiums. In order to place the protection on the proper basis, he should see to it that the estate he has created for his family is safeguarded, and will not be endangered through lack of foresight or business knowledge on the part of the beneficiaries in whose interest the protection is secured. Otherwise, these benefits may be lost.

Statistical information gathered from various sources indicates that about 80% of the net total of estates left by persons dying in this country in a given year is in the form of life insurance proceeds. Other statistics show that a large percentage of such estates, in the amount of $5,000 or over, is exhausted within a comparatively few years thereafter. The money is often used, however, for immediate necessities and for carrying through a plan of readjustment to new conditions. When it is wisely spent for the ultimate good of the widow and children, it may be better thus spent than hoarded. But frequently the money is lost and wasted, and this wastage is a matter that has occupied the attention of life insurance experts for a number of years, with the result that more and more stress is now laid on the desirability of leaving policy proceeds in the form of *income*, rather than in a lump sum.

Optional Modes of Settlement and *Life Insurance Trusts* had their inception from this problem of safeguarding beneficiaries' funds and assuring greater permanence to family maintenance from life insurance proceeds.

Four Options of Payment of Life Insurance Benefits

(1) Payment of interest upon the sum insured during the lifetime of the beneficiary, or for a period of years fixed by the choice of the insured (or of the beneficiary at the death of the insured) together with payment of the principal sum at the end of that time;

(2) Payment of equal instalments, usually annually or monthly, for a fixed period of years (5, 10, or 20 years, etc.), the amount of such instalments and the number of years for which they are payable being such that the discounted value of the instalments is equal to the net sum payable under the policy;

(3) Payment of equal instalments for a fixed period of years (10, 15, or 20 years, etc.), with continuation of such instalments to the beneficiary for life if living at the end of that time;

(4) Payment of an income of fixed amount until the principal sum is exhausted, interest being credited annually on the unpaid balance of the insurance.

Life insurance companies first introduced Optional Modes of Settlement in their policies some thirty or thirty-five years ago, and these option principles are now included in practically all standard "Old Line" policy contracts. The usual options offered in the printed policy are described in the accompanying box.

These options are sufficiently varied to meet the wishes of most policyholders who plan a regular income from life insurance proceeds for their dependents, guarding in this way against dissipation of the fund, or loss through ill advised investment. In order to insure against miscarriage of such plans, it is usual for the insured to stipulate that the beneficiary must adhere to the selected mode of settlement. In other words, when the insured instructs the company as to the manner in which his policy proceeds are to be paid, the beneficiary shall not have the right thereafter to change the selected mode of payment. Thus, if the proceeds are to be paid *as income*, the beneficiary

shall not have the right to take the funds in a lump sum, or to commute future payments of income, thereby defeating the protective plans of the insured.

There are, however, conditions in which special discretionary powers must be exercised in the settlement of estate funds; or when life insurance proceeds are designed to meet some particular purpose in which the mode of settlement does not come within the province of a life insurance company. In such circumstances the policies can often with advantage be placed in a trust fund, or "*Life Insurance Trust,*" under which the trust company would have power to administer the policy proceeds along with other assets of the estate.

LIFE insurance is such a certain means of creating an estate, that some times one is lulled into a false sense of security as far as the ultimate benefits are concerned. To really "guarantee" the welfare of one's dependents, it is necessary also to make provision for the proper use of these funds in the future.

The fundamental theory of the Life Insurance Trust is that an estate shall be created through life insurance and administered by a trust company or other similar fiduciary. This affiliation of service between the life insurance and trust companies is of comparatively recent origin; yet a number of the larger trust companies and banking institutions have already established facilities for handling the life insurance estates of their clients, thereby increasing their opportunities for usefulness to the general public.

The usual Life Insurance Trust Agreements are drawn according to one of the following plans:

1—An *Unfunded Trust,* in which the life insurance policies are made payable to the trustee, the insured continuing to pay premiums as formerly;

2—A *Funded Trust,* under which securities are placed with the trust company in amount sufficient to provide an income to pay policy premiums which are paid by the trustee; and

3—A *Cumulative Trust,* under which the insured makes periodic deposits which are more than sufficient to pay policy premiums, the excess being used to build up a fund which eventually yields a sufficient income to pay policy premiums without further deposits by the insured.

These are all excellent ways of conserving and building up an estate. It is well, however, in planning the disposition of policy proceeds to keep in mind the difference in conditions between payment of life insurance proceeds by the life institution, and the administering of such funds through a trust company.

One of the important factors is that policy funds left with a life insurance company are merged with the general assets of the company, and thus the entire assets of the company guarantee the particular policy proceeds left for payment to the beneficiary. There are neither capital profits nor losses in such cases. In a trust company, each trust fund must, under the law, *be kept separate.* Any profit on the particular trust fund investment would inure to the benefit of the beneficiaries in the estate; likewise any loss suffered in the investments would be charged against the estate.

Life insurance companies pay policy proceeds as income, or otherwise, without direct charge for the service. The rate of interest paid is usually a trifle less than the average rate earned by the insurance company. When an estate, life insurance or otherwise, is administered through a trust company a charge is made, usually proportionately rated on the amount of the estate involved. Most state laws have fixed a maximum scale for such charges, but these charges have not as yet been standardized. Trust charges are at times augmented by special fees for the services of attorneys.

The interest rate on funds held by life insurance companies are guaranteed at a minimum rate of 3% or 3½, and excess interest is payable at the rate fixed by the company's directors each year. At present the rate of interest in life insurance companies runs from 4.55% to 5% according to the company. In a trust company there is no guaranteed minimum rate, the interest payable being that earned on the particular trust fund. At the present time the net rate paid by trust companies, after deducting fixed charges, is slightly higher on the average than that paid by life insurance companies; but the average rate earned on individual trusts has much greater fluctuation than the average rate of earning by a life insurance company.

Life insurance companies will not pay proceeds under *discretionary* provisions. The conditions as to dates of payment must be fixed, and acts of omission or commission by the beneficiary do not affect these payments. On the other hand, the trust company will

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Will your wife have expert advice?

Intelligent Use of Present Income Will Assure Financial Independence

Four Years of Bond Buying that Produced $35,000 Capital Gain

A successful plan that is somewhat off the beaten path

By SAMUEL J. SHAFFER

DURING the last four years, I have consistently followed an investment plan that has worked very well, and which I firmly believe in as one of the best investment programs for the average person. I do not recommend it for the type of speculator who buys for the quick rise, nor for the investor who cannot afford any risk but it is acceptable to the person who buys for the long pull, looking for a good yield and eventual appreciation.

This program is based on two well known principles of investment—trading on your equity, and buying "equity" securities.

Trading your equity, better known as "Marginal Buying," is often condemned by the unthinking person. I can just visualize him now, raising his hands in horror, and saying, "Why, that's nothing but gambling!" Yet this same person will go out and get a first mortgage on his home, not realizing that he is buying his home on margin. Or, the same person will go to his banker, present his income statement and balance sheet, and request a loan for his business. Little does he imagine that he is conducting his business on margin!

Why not, therefore, apply a good business principle to your investments?

The first part of my program contemplates the buying of bonds on margin. I do not recommend buying stocks on margin, with the attendant danger of wiping out the margin on a short drop in the market. But buying bonds is quite different, for they do not fluctuate in price as widely as do stocks, and further, they rarely drop much below their investment value.

Furthermore, a 6% bond will carry itself, while there are few stocks nowadays yielding enough to carry themselves if bought on margin, at the high interest rates brokers are charging on debit balances. Therefore, every bond I buy is taken to my banker, who lends me 75% of the value of the bond at his usual rate of 6%.

The other half of my program is that I buy nothing but "equity" bonds, that is, convertible or warrant bearing bonds. I use the term "equity" bonds because such bonds have an increased equity in large future profits of the company. Should the stock into which the bond is convertible rise, one thus participates in the profits; on the other hand, should the purchase have been unwise, the bond drops at the most a few points, even though the stock has fallen quite low. Let me illustrate how the program works out by citing my actual experience.

In 1924 I had saved $500, the result of a year's savings since I had left college, and I decided it was time that I took it out of the savings bank and entered the investment field.

Having planned this for several years, I had my procedure well formulated by this time. After a careful investigation of the convertible bonds, I decided that the best opportunity seemed to be Brooklyn Union Gas convertible debenture 7's, then selling around 116. They were convertible into twenty shares of common for each one thousand dollar bond. My banker was willing to lend me 75% of the market value of the bonds, keeping them as security for his loan. He bought two one-thousand dollar bonds for me, and gave me a collateral loan, charging me 6% for the eighteen hundred dollars he had advanced. This was a satisfactory arrangement, for there was little chance of a drastic decline in the bond, and my net yield on the transaction was over 6%.

Before the year was out, the stock into which the bond was convertible rose so that I sold my bond at 158. My net sum

• Intelligent Use of Present Income Will Assure Financial Independence •

STOCK MARKET activity has eclipsed the bond market to an extent that investors are apt to overlook entirely the possibilities for capital appreciation that exist in the bond market. Such possibilities are particularly emphasized in the convertible issues, such as the author describes here. To compensate for the added speculative risks inherent in these issues, substantial profit possibilities are indicated in the author's experiences.

was now fourteen hundred dollars, counting, of course, interest received. I was quite enthused over my success, and I could see no reason why I should not continue trading on my equity, and buying good convertibles.

A most attractive bond (it was now January, 1925,) seemed Pan American Petroleum convertible 6's. I put up my fourteen hundred dollars, my banker lent me 75% of the market value, and I bought five and a half thousand-dollar bonds at 104.

It was only March, three months later, that my bonds were selling at 116, and I sold at that price. I now had about two thousand dollars.

The best opportunity for reinvestment, after a careful survey, seemed Norfolk & Western convertible 6's, currently selling at 127. My banker again lent me 75% of the bonds, and I bought seven thousand-dollar bonds.

At first these bonds dropped five points, but I had faith in them, and I felt it was only temporary. And indeed I was quite justified, for I sold those bonds a year later at 154. My banker sent me a check for about four thousand dollars, my net worth.

The next bonds I bought did not turn out so well. The stock dropped from one hundred thirty-four dollars a share to ninety-eight dollars. Yet my faith in well-picked convertibles *was proven, for I sold my bonds at a loss of only three points.*

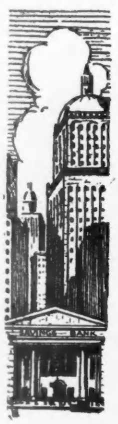
I decided that Delaware & Hudson convertible 5's appeared to be a coming issue, and bought fifteen thousand-dollar bonds at 110, my banker lending me his 75%, and I invested four thousand dollars. I held this issue for two long years, and I finally nursed it along till 1927, when I sold at 152. My net proceeds were now about ten thousand dollars.

It wasn't until March, 1928, that I finally decided that Anaconda Copper Mining convertible 7's at 112 offered an excellent opportunity. On the same basis as before my banker bought forty thousand-dollar bonds for me, with the usual collateral loan arrangement. I recently sold them at 180. I have now to my credit a little over thirty-five thousand dollars, all accumulated from the original five hundred dollars.

Upon looking back on my experiences in four years of convertible buying, I am firmly convinced that for a person who does not care to take the risk of buying

(Please turn to page 798)

BYFI RECOMMENDS—



For Savings

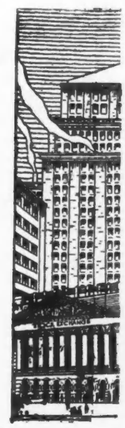
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. **BUILDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	99	4.8
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	104	4.8
3. Standard Oil of N. Y. deb, 4½s, 1951	96	4.8
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st S.F. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	107	5.4
7. Chesapeake Corp. Conv. Coll. 5s, 1947	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	101	5.9
9. Hudson & Manhattan Conv. 5% Pfd.	83	6.0
10. Southern Pacific Common $6	133	4.5



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabluation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

TRADE TENDENCIES

INDUSTRIAL OUTPUT *at* HIGH LEVELS

Strong Demand and High Production Combine to Give Business Active Character—Inventories Generally Moderate

STEEL

Record Production in January

THE release of January figures on steel production, together with current indications in the trade, leave little doubt, it appears, that first quarter results will be other than highly satisfactory. Operating activity for January, at 88.2 per cent of capacity, compares with 81.4 for January of 1928, and with 85.3 per cent for last December. The normal course of events would lead to a higher rate of production in January than in preceding months, but it should be borne in mind that the end of 1928 was an unusually busy period for the steel industry, and the increase in output is all the more gratifying in the face of that fact.

Although shipments last month were at near-record heights, some lines were so hard pressed for deliveries that advance business in some instances was turned away. This applies especially

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COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	*Last
Steel (1)	$33.00	$33.00	$33.00
Pig Iron (2)....	17.50	17.50	17.50
Copper (3)	0.17	0.16¾	0.18
Petroleum (4) ..	1.36	1.20	1.20
Coal (5)	1.70	1.65	1.70
Cotton (6)	0.20½	0.20⅛	0.20⅛
Wheat (7)	1.64⅞	1.53¾	1.64⅜
Corn (8)	1.17¼	1.04⅞	1.15⅜
Hogs (9)	0.09⅝	0.08⅞	0.09
Steers (10)	17.00	16.00	16.00
Coffee (11)	0.18¼	0.18	0.18¼
Rubber (12) ...	0.22¾	0.18⅝	0.22¾
Wool (13)	0.45	0.45	0.45
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.03⅞	0.03¾	0.03¾
Sugar (16)	0.05⅛	0.05	0.05⅛
Paper (17)	0.03¼	0.03¼	0.03¼
Lumber (18) ...	24.48	24.31	24.31

* Feb. 9, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Output of both steel and pig iron established new records in January. Current operations are said to surpass even the January average of 88.20% in steel mill activity. First quarter earnings will no doubt reflect high output and fairly strong prices.

METALS—Copper prices, in three rapid jumps, reached the 18c. level, where it is thought they will rest for a while. Demand has moderated somewhat, but producers are busy filling advance orders. Lead prices have been revised upward on two occasions, and are at 6.85c. N. Y. Zinc producers, in seeking business, may possibly shade quotations, although ore stocks are lower.

PETROLEUM—The situation in crude oil lines has displayed but slight betterment. Imports are increasing; California fields are being further developed; output continues at peak levels. However, the curtailment agreement of Oklahoma producers may serve as an index of future action on the part of other operators.

CHEMICAL—Activity is brisk in most industrial chemical lines. The largest consuming channels, the textile industries, now present a more favorable outlook, while fertilizers are in a strong statistical position. Earnings statements should reveal the excellence of conditions which have prevailed in past months.

AUTO ACCESSORY—Of course, results are predicated upon the success of the automobile industry, but the current trend toward utilization of parts-makers facilities has resulted in the granting of several contracts of substantial size. Earnings, under current conditions, should bulk large.

RADIO—Earnings of the principal manufacturers are generally at more profitable levels as a result of the greater stability which has entered into this relatively young business. Both prices and product are nearing a "standard," while the sales outlook offers tremendous possibilities for future revenues.

LEATHER—A weakness in hides has more or less upset the structure of leather markets. Tanners find that finished leather consumers are holding off in hopes of better terms, while their own stocks are considerably larger than the trade considers comfortable.

RAYON—The year has opened rather well for rayon manufacturers, following on the heels of a record 12 month production period for 1928. Demand for the synthetic fiber is growing at a rapid pace, and activity at most plants is at a peak. Earnings so far are satisfactory.

SUMMARY—Despite the unfortunate situation in the oils, and the weakness in leather and building lines, business, as adjudged by the other indices, is far from faltering, and volume of sales obtains in gratifying measure.

act on what you KNOW

Guesswork has no place in the *business of investment.*

A MAN for an important job is hired largely by virtue of past performance. You want to *know* he is able to deliver. When you buy any product—whether it is jewelry from Tiffany's or a locomotive from the Baldwin Locomotive Works, you know the reputation, background and standing of the firm which put its name on it. John Jones *may* be able to make just as good jewelry. The XYZ Company *may* be able to produce just as efficient a locomotive. You don't *know,* so you act on what you *do* know. And, automatically, by this means, you cut down the element of risk.

Cutting risk, and *building profits*

Consider investment counsel in this light. *Where is it more important to cut down risk than in the investment of your money?* Where is it easier—as shown by the millions of dollars of "investments" that go bad each year—to lose your money? Considering these things, consider Brookmire. Brookmire Service is "sold" to new clients, not by glowing promises of what we hope to do—but by what we *have* done, by a reputation of 25 years standing. Your judgment is formed on established facts. You act not on glowing "hopes", but on *what you know.*

Equipment is your best guaranty

An investment counsel organization requires many things, if it is to perform properly. Men who have both native ability *and* experience. Men who know investments because their talents have always run that way and because their time for many years has been directed toward the steady accumulation of facts, and the further development of sound *investment judgment.* Complete equipment for research, and auxiliary facilities that allow the most far reaching examination into investment opportunities must be available. With Brookmire they are.

The Brookmire *Commercial* Service Division for industrial concerns—devoted to the study of general and specific business conditions in terms of sales, credit and production—provides a unique and extremely valuable asset to our *Investment* Service. Everything that is applicable and illuminating is always used by our investment staff as one more check before decisions are formed. Brookmire decisions are not a matter of "chart reading", of "snap judgments"—they are the result of carefully considered *fundamentals.*

Today, or next month

At some time—whether today or next month—you are going to appreciate the desirability of investigating what a Service such as Brookmire offers you. At some time a Brookmire representative may call on you, for Brookmire is now established in a large number of principal cities as the direct result of a constantly increasing number of clients. If this happens, if a Brookmire representative does call, remember that through him you can find the means of cutting the risk from your investments and of increasing the return from your capital.

A description—for those who will use it

Meanwhile, the coupon will bring complete information. But remember, before sending it, that we do *not* advocate in-and-out trading. The average individual is certain to lose money in trying to catch the "short swings", and we do not attempt to advise anyone on this basis.

If you appreciate the tremendous odds against success through speculation, if you want to build up your capital steadily, *with safety* and *without worry,* and if you have available funds sufficient to enable you to profit by our recommendations —then, here is something that you cannot afford *not* to investigate.

Inquiries from West of the Rockies should be addressed to Brookmire Economic Service, Inc., Russ Bldg., San Francisco.

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An organization—national in scope—whose business is to provide investment counsel to individuals and institutions whether the amount be $5,000 or $5,000,000.

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Send me the description of your Service and copy of your current bulletin, analyzing the trend of prices and certain specific securities. M-A3

Name..

Address..

I have securities or available for investment $..............................

(This is not essential, but since there is a Special Plan for those whose principal is above a certain amount, this information will be helpful in enabling us to forward to you the proper information.)

·SERVICE·SECTION·

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Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

AMERICAN METAL

After reading an article in your November 17, 1928, issue, I purchased 200 shares of American Metal common at 52. My profit exceeds $4,000 at present levels. Shall I accept it? I am hesitant to do so as stockholders of record February 21 will receive rights to buy additional shares at 60. Will you please let me have your recommendation?—F. B. C., Frederick, Maryland.

At this writing the report of the American Metal Company Ltd. covering operations for the past year is not available, but it seems safe to conclude that it will prove wholly satisfactory to shareholders. The changes which took place in the company's capital structure during the past year, including the sale of 45,000 shares of 6% convertible preferred stock and the exchange of 55,000 shares of the new preferred stock for 50,000 shares of the old 7% preferred stock will in all probability have the effect of reducing actual per share earnings for the common stock. Nevertheless, it seems safe to estimate at least $3.50 per share on the 595,114 shares of common stock now outstanding. In its own right, the company is rated as the second largest enterprise of its type controlling numerous subsidiaries engaged in the mining, smelting, refining and marketing of mine products, including copper, lead, zinc, silver and gold. During the recent past, American Metal has made several substantial investments in companies engaged in the development of African copper mines. These investments have recently undergone substantial appreciation in value and in some quarters it has been estimated that the existing value of the company's holdings is equal to over $25 per share on the common stock. The company's balance sheet is characterized by the substantial nature of liquid resources and from the longer range standpoint we feel wholly justified in taking a constructive attitude toward the shares. Present stockholders, in a position to do so, would not only be advised to retain commitments but the privilege which you now have to subscribe for additional stock should be exercised, if such action would not result in increasing your total holdings to an extent disproportionate to your other investments.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. *Be Brief.*
2. *Confine requests for an opinion to THREE SECURITIES ONLY.*
3. *Special rates upon request to those requiring additional service.*
4. *Write name and address plainly.*

REMINGTON-RAND

Remington-Rand common has been quite active during the past two weeks. I have been told that it is going to 50 by the end of March. What is your opinion? Is the stock a "buy" around 33?—S. C. Bloomington, Ind.

Remington Rand, in its present form, represents a consolidation, effected about two years ago, of Remington Typewriter, Rand Kardex Bureau, Dalton Adding Machine companies and Baker-Vawter, and through the further acquisition of Powers Accounting Machine, Lineatime, Safe-Cabinet, Wales Adding Machine, Remington Noiseless and other units, forms a comprehensive business service and office equipment organization. Due to heavy capitalization and unexpected difficulties in co-ordinating its separate units, net earnings have been somewhat retarded to date, profits in the initial fiscal year ended March 31st, 1928 showing a balance equal to $1.17 a share on the 1,332,965 no par common, followed by only $3.07 a share on the first preferred in the six months ended September 30th last, thus leaving nothing, of course, available for either the 33,806 shares of second preferred or common stocks. However, financial position is strong, more recent reports indicate encouraging expansion in new orders, and the recent introduction of a new product without involving large additional expenditures, holds forth promise of making important contributions to future income. On the whole, main difficulties seem a matter of the past, and in view of the company's strongly entrenched position in its field, we are confident it may be depended upon to eventually achieve the desired results. For the present, however, we would undertake fresh commitments only during reactionary periods.

WESTINGHOUSE ELEC. & MFG.

In July, 1927, on your recommendation, I purchased 40 shares of Westinghouse at 91. Has the time come to take my profit? I have heard that this stock is likely to sell over 200 by the end of the year but I shall be guided by your advice.—H. W. Natchez, Miss.

Westinghouse Electric & Manufacturing Company engages in the manu-

(*Please turn to page* 794)

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FIVE years ago, investors hesitated to put money in common stocks. Today, because of the past prosperity enjoyed by many corporations and the favorable outlook for their future, plus improved capital position, their common stocks may be classed as investments.

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AERIAL view showing Pennsylvania Railroad Terminal in New York City.

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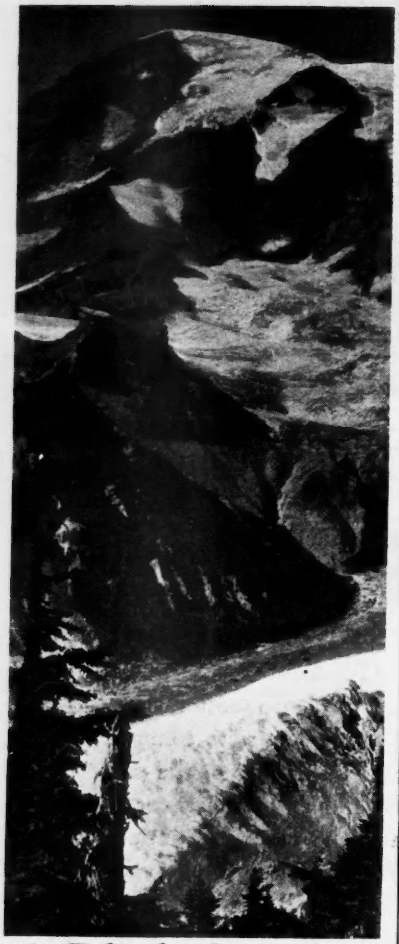

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INCOME TAX DEPARTMENT

Conducted by M. L. SEIDMAN

THIS is the Sixth of a series of articles by Mr. Seidman on how to prepare income tax returns, that will appear regularly in these columns. Mr. Seidman, of the firm of Seidman & Seidman, Certified Public Accountants, is a well-known tax expert and has written numerous articles on taxation. He will answer all income tax questions that might be directed to him by our readers. Questions should be addressed to Income Tax Department, THE MAGAZINE OF WALL STREET, *42 Broadway, New York, N. Y. All communications must be signed by the inquirer, but no names will be disclosed in published answers.*

Earned Income Credit

IN the last article we mentioned how the normal tax and the surtax are computed. But we said that that does not end the tax computation. From the total of the normal tax and surtax every individual is allowed a credit for earned income. Let us see just what this credit is.

What Is Earned Income?

First let us clear away what is meant by earned income, although the term is almost self-explanatory. Earned income is income from services as distinguished from what might be called unearned income, like interest on bonds or profit on stocks. Salaries, fees, wages, commissions, etc., are earned. They result from the figurative "sweat of the brow." Income so earned is obviously of a different nature from the income derived from clipping coupons.

A person who receives interest or dividends, presumably has accumulated funds to invest and that bring income. The receipt of salary, however, does not involve a similar implication of the existence of accumulated capital. Since the income tax is based on the ability to pay, Congress felt it no more than reasonable to tax the income from services somewhat more lightly than the income from capital. It accordingly provided a 25% credit against the tax for earned income. To put it more exactly, the credit is 25% of what the normal tax and the surtax would be if the individual's total income were his earned income.

Limitations on Earned Income

On the face of things, this appears to be a very substantial tax reducer. However, like all things that look too good to be true, we find that they are not true. The earned income credit is no exception, for irrespective of what the actual earned income may be, when it comes to computing the credit, it is arbitrarily limited to a maximum of $30,000. Last year, under the old law, the limitation was even more restricted, the maximum being $20,000. As a result, the largest saving produced by the earned income credit in the case of a married man, who takes the $3,500 exemption, is $206.25. Let us work out a concrete case showing this.

We will assume that A is a married man and his income for 1928 is $34,000, all of which is from salaries. His regular normal tax, figured in the way we have already pointed out, would amount to $1,305. His surtax would be $1,220, making a total of $2,525. We said that the earned income credit is 25% of what the normal tax and surtax would be if the earned income were the total income. In this case, although A's actual income is $34,000, in computing the credit, it is limited to a maximum of $30,000. The normal tax on $30,000 is $1,105; the surtax is $880. The earned income credit would therefore be 25% of $1,105, or $276.25, and 25% of $880, or $220. The total earned income credit is thus $496.25. This is subtracted from the $2,525, leaving a net tax of $2,028.75.

To sort of offset for the $30,000 limitation, it is also provided that in no case shall the earned income be considered at less than $5,000, irrespective of the real nature of the income. Hence, a widow, whose income amounts to $5,000, all resulting from interest on bonds, would be entitled to have the entire $5,000 considered as earned income. She would, therefore, take a 25% credit against her normal tax to arrive at the net amount she owes to the Government. (She would have no surtax, since the surtax begins with incomes in excess of $10,000).

Individual in Business

How about the fellow who is in business for himself? How is his earned income to be determined? It being his own business, he perhaps may not draw a salary, or his salary may be far less or more than what he would ordinarily get. Here, too, the law makes an arbitrary limitation, declaring that the earned income shall be limited to 20% of his share of the profits of the business. In no event, of course, could the amount be less than $5,000, for, as we just mentioned, everybody is entitled to at least that amount.

Other Illustrations

For fear that the illustrations given

(Please turn to page 782)

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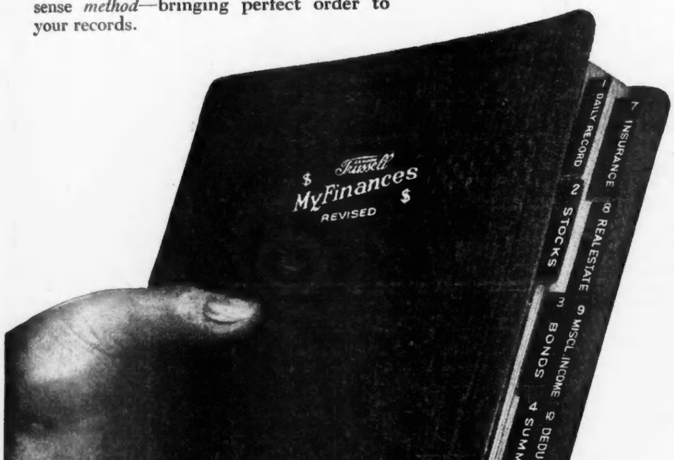

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New York Stock Exchange

RAILS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 2/13/29	Div. $ per Share
A								
Atchison	200	161¾	204	182⅜	209⅝	196¼	201¼	10
Do Pfd.	106¾	99⅜	108½	102½	103⅞	103	103	5
Atlantic Coast Line	205½	174⅛	191½	157⅛	191¾	169	187¼	†7
B								
Baltimore & Ohio	125	106½	125⅝	103¾	131	118⅞	123	6
Do Pfd.	83	73¼	85	77	80¼	78	79⅜	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅜	80⅞	72¼	75	4
Do Pfd.	88	78⅛	95⅝	82	92⅝	89⅞	†87	6
C								
Canadian Pacific	219	165	253	195½	265⅞	233⅛	248⅝	10
Chesapeake & Ohio	218½	151¾	218¾	175½	227½	211	216	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	39⅞	34	36⅞	..
Do Pfd.	37½	..	59⅝	37	63¾	55	58⅛	..
Chicago & Northwestern	97½	78⅜	94¼	78	94¼	86⅞	90	4
Chicago Rock Is. & Pacific	116	68½	139⅝	106	139⅞	130½	132	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	106⅛	107	7
Do 6% Pfd.	104	95¼	105	99½	102⅞	100	100⅝	6
D								
Delaware & Hudson	230	171⅛	226	163¼	207¼	190	197½	9
Delaware, Lack. & West	173	130⅛	150	125¼	133¼	127	127	†6
E								
Erie R. R.	69¾	39½	72½	48¾	75⅜	66⅝	69	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	64¾	60⅛	61	..
Do 2nd Pfd.	64½	49	62	49¼	60¼	58	†57½	..
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	113½	107⅛	110	5
H								
Hudson & Manhattan	65⅞	40½	73½	50⅛	58⅜	51¼	51½	3½
I								
Illinois Central	139⅜	121⅛	148¾	131¾	152	140¼	144	7
Interborough Rap. Transit	52⅛	30½	62	29	57⅞	48	49¼	
K								
Kansas City Southern	70¼	41¼	95	43	98⅞	87	89½	
Do Pfd.	73½	64⅞	77	66½	70½	68⅛	†65	4
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	92⅛	†95½	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	153½	145⅛	150¼	7
M								
Mo. Kansas & Texas	56½	31½	58	30½	55	47¾	49	
Do Pfd.	109½	95¾	109	101½	105½	103⅛	105	7
Missouri Pacific	62	37⅞	76¼	41⅞	75¾	62⅛	73¼	
Do Pfd.	118⅝	90⅛	126⅞	105	134⅛	120	131	5
N								
New York Central	171½	137⅛	196½	156	204¼	106⅝	193¾	8
N. Y. Chic. & St. Louis	240½	110	146	121¼	145	133	138	6
N. Y., N. H., & Hartford	63¼	41⅝	82¾	54⅜	98¾	80⅞	90¼	4
N. Y., Ontario & Western	41¾	23¼	39	24	32	27	28⅜	
Norfolk & Western	202	156	198½	175	206	191	196½	†8
Northern Pacific	102⅛	78	118	92⅜	114	108	108	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	82¼	76⅛	78½	3½
Pere Marquette	140½	114½	154	124⅞	174¾	148	165	†8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	138	141	6
R								
Reading	123¾	94	119⅜	94¼	117⅛	105¼	108½	4
Do 1st Pfd.	43½	40½	46	41⅛	43	42	†42½	2
Do 2nd Pfd.	50	43¾	59⅞	44	49¾	46⅛	47	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	122½	115⅛	118	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	102	106⅞	
Seaboard Air Line	41¼	28⅛	30⅛	11⅝	20⅞	16⅛	18	
Do Pfd.	45⅜	32⅛	38	17	24¼	20	†21	
Southern Pacific	126⅞	106¼	131¼	117⅝	138⅜	128	132¼	6
Southern Railway	149	119	165	139½	158⅜	146⅛	149⅜	8
Do Pfd.	101⅛	94	102¼	96⅝	99	98⅛	99	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	178	165	174	5
U								
Union Pacific	197¾	159½	224⅞	186½	231	214¾	223⅜	10
Do Pfd.	85¾	77	87¼	82⅛	83⅞	82¾	†82¾	4
W								
Wabash	81	40½	96¼	51	81⅜	70	71	
Do Pfd. A	101	76	102	88⅛	104⅞	94	†96	5
Do Pfd. B	98	65	99½	87	91	82⅛	†83	
Western Maryland	67⅞	13¾	54¾	31¾	54	41	44⅝	..
Do 2nd Pfd.	67½	23	54⅞	33⅛	53½	41⅜	†45½	..
Western Pacific	47½	25⅛	38½	28¼	41	33⅛	35¼	..
Do Pfd.	76⅜	55	62⅛	52½	64½	57	59½	..

INDUSTRIALS AND MISCELLANEOUS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 2/13/29	Div. $ per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	54⅞	40⅛	47¼	..
Abraham & Straus	118¾	62¼	142	90	159½	132	138	..
Advance Rumely	15¾	7⅝	65	11	74½	48	61⅜	..
Air Reduction, Inc.	199⅛	134½	99⅝	59	114⅝	96⅞	107¼	2†
Ajax Rubber, Inc.	13¾	7½	14⅜	7½	11¼	9¼	9½	..
Allied Chemical & Dye	169¼	131	252¾	146	301	241	290	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	194	175	179	7
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	19⅛	19½	..
Amer. Bank Note	98	41	159	74¾	134¼	122⅝	128½	2†
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	47⅛	40⅝	41	..
Amer. Brake Shoe & Fdy	46	35½	49½	39⅞	62	45	57½	1.60
American Can	77⅝	43⅝	117⅛	70½	120	109⅛	113⅛	3†
Amer. Car & Fdy.	111	95	111⅛	88¼	106½	96¼	96¼	6
Amer. Druggists Syndicate	15½	9⅜	15⅛	10⅛	11	9	9⅞	.60
Amer. & Foreign Power	31	18⅞	85	22⅝	115	75¼	113¾	..
American Ice	32	25¾	46⅜	28	43¾	38⅛	41⅛	2†
Amer. International Corp.	72⅝	37	150	71	76¼	66¾	69	2
Amer. Metal Co., Ltd.	49⅝	36⅛	63⅜	39	81¾	60¼	76½	3
Amer. Power & Lt.	73⅝	54	95	62¼	120	81⅛	108½	1
American Radiator	147⅞	110⅛	191⅛	130⅛	211	187⅛	193	5
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	68	68½	4†
Amer. Smelting & Refining	188¾	132⅝	293	169	122½	93⅛	117⅝	4
Amer. Steel Foundries	72¾	41⅛	70⅜	50⅛	79⅞	64⅛	70⅝	3
Amer. Sugar Refining	95¾	65⅛	93⅛	55	94¾	83⅛	86⅛	..

Price Range of Active Stocks

INDUSTRIALS—(Continued)

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last Sale 2/13/29	Div. $ per Share
Amer. Tel. & Tel.	185½	149¼	211	172	222	193¼	214⅞	9
Amer. Tobacco Com.	189	120	184⅜	152	186½	175	175	8
Amer. Type Founders	146	119⅞	142¼	109⅞	155	136½	†145	8
Amer. Water Works & Elec.	72⅛	46	76½	52	92¼	67¼	85¼	1
American Woolen	33⅜	16½	32⅜	14	27⅞	23¼	24½	....
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅜	44⅞	36	40	..
Anaconda Copper Mining	60½	41¼	120¼	54	136⅝	115¼	134¼	7
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	15¾	16⅜	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	8¼	8½	..
Arnold Constable Corp.	55½	21	51¾	35¼	40⅞	29¾	33	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	39⅜	61⅜	2½
Atlantic, Gulf & W. I. S. S. Line	43½	30⅜	59⅞	37⅛	43⅛	33½	33⅞	..
Atlantic Refining	131⅜	104	66½	50	68	53½	57	1
Austin, Nichols & Co.	10¼	4¼	9¼	4⅜	10	6⅞	7	..
B								
Baldwin Loco. Works	265¾	143⅛	285	235	248	230	230	7
Barnsdall Corp. Cl. A	35½	20¾	53	20	46⅞	40	42	2
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	87	91	3
Bethlehem Steel Corp.	66½	43¾	86⅜	51⅞	93½	82⅛	91½	4
Borden Company	169	167½	187	152	203¾	174½	192¼	6
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	49	53	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	36⅛	38⅛	1
Burns Bros. new Cl. A Com.	125¾	85½	127	93½	127	116⅜	†112	8
Do new Cl. B Com.	34¾	16¼	43⅜	15⅞	39	30⅝	32	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	140½	150⅛	..
C								
California Packing	79	60¼	82⅝	68½	80	74⅛	76¾	4
Calumet & Arizona Mining	123½	61½	133	89	136	121¼	133½	6
Calumet & Hecla	24¾	14¼	47⅜	20⅛	60	44	58⅜	4
Canada Dry Ginger Ale	60⅛	36	86½	54⅞	86½	78	81	4½
Cerro de Pasco Copper	72½	58	119	58½	114⅜	101⅞	110½	5
Chile Copper	44⅜	33⅛	74⅞	37⅜	99¾	71⅜	98	3½
Chrysler Corp.	63½	38⅛	140½	54¾	135	99¾	101¾	3
Coca Cola Co.	199½	96⅛	180½	127	140	131	133	6
Collins & Aikman	113⅜	86	111¾	44⅛	58	50	54	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	77½	66¼	70¼	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	154⅞	124	145	4†
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	160	136½	147⅞	5
Commonwealth Power	78¾	48⅝	110½	62¼	132½	107¼	†121	3
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	27⅜	29⅝	..
Congress Cigar	88½	47	87¼	67	92⅜	79⅞	87½	5
Consolidated Gas of N. Y.	125¾	94	170¼	74	118½	103⅛	109⅝	3
Continental Baking Cl. A	74⅞	33½	53½	26½	60⅞	47⅛	56	..
Do Cl. B	10¼	4	9⅜	3¾	13⅜	8⅛	10⅜	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	71	60	69	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	19⅛	24	.80
Corn Products Refining	68	46⅞	94	64⅜	91⅞	85	86⅛	2†
Crucible Steel of Amer.	96¾	76½	93	69¼	94	85½	88½	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	4½	4¾	..
Cuban-Amer. Sugar	28½	18⅞	24¼	15⅜	17	14½	14½	1
Cudahy Packing	58¾	43½	78¼	54	67⅞	60½	61	4
Curtiss Aero, & Motor Co.	69¾	45⅛	192¾	53⅛	173½	141	156	1
Cuyamel Fruit	55½	30	63	49	85	63	83	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	59⅜	62½	..
Drug, Inc.	..	..	120⅛	80	126⅛	115⅜	123	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	194½	181¼	187⅜	5†
Eaton Axle & Spring	29¾	21¼	68⅛	26	76⅜	61	71¼	3
E. I. du Pont de Nem.	343⅞	168	503	310	198½	155¾	187	..
Elec. Power & Light	32⅜	16½	49⅜	28¾	64⅜	43⅛	62	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	83½	87	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	76	76	5
Engineers Pub. Service	39⅝	21¾	51	33	60¼	48½	57½	1
F								
Federal Light & Traction	47	37½	71	42	86½	68⅛	78⅝	1½
Fisk Rubber	20	17¾	17¾	8⅞	20⅛	16⅜	17	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	84⅜	74¼	75½	3†
Fox Film Cl. A	85½	50	119⅝	72	101	85½	90¼	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	46	48⅛	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	102	88	92	4
General Asphalt	96¾	65	94⅞	68	81¼	70¼	71¼	..
General Electric	146⅝	81	221½	124	262⅜	222	235⅞	4
General Motors Corp.	141	113¼	224¾	130	86	78	81¼	3
General Railway Signal	153¼	82⅛	123⅝	84¼	106¾	95	100⅝	5
Gold Dust Corp., V. T. C.	78¾	42	143¼	71	82	70⅛	71⅝	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	89¾	93	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	140	116	124⅞	..
Graham-Paige Motors	..	..	61¼	16¾	54	45	46¼	..
Granby Consol. Min., Smelt. & Pr.	45	31⅛	93	39⅛	94⅞	85	92⅝	6
Great Western Sugar	44⅝	35⅛	38½	31	44	37	38¼	2.80
Green Cananea Copper	151½	29¼	177¼	89⅜	186⅞	168	175½	6
Gulf States Steel	64	40	73⅞	51	74¾	66	†72	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	72½	65	66	..
Houston Oil of Texas Ten Ctfs.	175	60⅛	167	79	107	83	†85	..
Hudson Motor Car	91½	48¼	99⅞	75	93	84	86½	5
Hupp Motor Car	36¼	16	84	29	82	73⅛	73⅞	2
I								
Inland Steel	62⅜	41	80	46	92	78½	88	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	56⅞	43⅛	55⅜	3
Inter. Business Machines	119¾	53⅛	166⅜	114	164¾	149⅜	160	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	89⅝	93¾	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	102¼	68⅛	98¾	2
Inter. Harvester	255⅝	135⅜	97⅞	80	115	92¾	105	2½
Inter. Mercantile Marine	8¾	3⅛	7⅜	3¾	6⅞	5⅛	6¾	..
Inter. Nickel	89½	38¼	269⅛	73⅝	72¾	46¼	62⅝	..
Inter. Paper	81½	39⅛	86⅜	50	77¼	57½	73½	2.40
Inter. Tel. & Tel.	158⅞	122¼	201	139½	227½	197¼	212	6
J								
Johns-Manville	126	55½	202	96¼	243¼	180½	210⅛	3
K								
Kelly-Springfield Tire	32¼	9½	25½	19¼	24	19¼	19¾	.
Kennecott Copper	90⅜	60	156	80⅛	165¼	150½	162⅜	8
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	91	82⅞	82⅞	1.60
Kroger Grocery & Baking	145	119	132¼	73⅛	129½	105⅛	108	1

(Please turn to next page)

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New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS—(Continued)

	1927		1928		1929		Last Sale	Div.
	High	Low	High	Low	High	Low	2/13/29	$ per Share
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	61⅛	63¼	3
Liggett & Myers Tob.	128	87½	122½	83⅛	105½	92	95½	4†
Lima Loco. Works	76⅜	49	65⅞	38	52½	45	47	..
Loew's, Inc.	63⅞	48⅞	77	49⅛	80⅜	63⅝	77⅜	2†
Loose-Wiles Biscuit	57¼	35⅛	88¾	44¼	74⅝	64⅛	67⅛	1.60
Lorillard	47⅜	23½	46⅞	23¾	28⅜	24½	25¾	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	104	108	6
Magma Copper	58¾	29½	75	43¾	75⅞	66	73¾	4
Marland Oil	58½	31	49¾	33	47⅛	36⅝	37⅜	..
May Dept. Stores	90⅜	66¾	113½	75	108½	93⅝	96½	4
McKeesport Tin Plate	..	..	78⅜	62½	82	71½	75½	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	42½	47¼	..
Miami Copper	20¾	13⅛	33	17¾	43¾	30⅛	42	2
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	125	129¼	2½
Murray Body	43	16¼	124¼	21½	77¾	67½	70¼	..
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	102¼	108	6
National Biscuit	187	94¾	195¼	159½	205	182	184	6†
National Cash Reg.	51⅝	39⅞	104¾	47¼	143¾	96	128⅛	3†
National Dairy Prod.	68⅞	59¼	133½	64½	137⅝	126	128	3
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¼	52½	55¼	1
National Lead	202¾	*95	136	115	158½	132	147½	5
National Pr. & Light	26¾	19¼	46⅝	21⅞	59½	42½	55½	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	51⅞	39¾	50¾	2
N. Y. Air Brake	50	39¼	50½	39⅞	49½	42⅝	48½	3
North American Co.	64½	45⅝	97	58⅝	106	90⅝	102⅜	10
O								
Otis Steel	12½	7¼	40½	10½	42¾	37¼	40½	..
P								
Packard Motor Car	62	33¾	163	56¼	153	129	134⅞	3†
Pan-American Pet. & Trans	65⅞	40⅛	55½	38¼	50	41½	42¼	..
Paramount Famous Lasky	115⅜	92	56⅜	47¼	67⅛	55⅛	64½	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	30	31⅞	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	37¼	38⅞	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅞	28¾	34	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	55¼	57¾	1.60
Pittsburgh Coal of Penna.	74½	32¾	78⅞	36⅛	83¾	66¾	68½	..
Postum Co., Inc.	126⅛	92⅝	136½	61⅜	78⅜	69⅝	71½	3
Pressed Steel Car	78¼	36½	33½	18	23¾	20⅜	21	..
Public Service of N. J.	46⅞	32	83½	41½	94¾	81⅜	87	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	82⅛	83	4
Pure Oil	33½	25	21¼	19	28½	23½	24	1
R								
Radio Corp. of America	101	41⅛	420	85¼	410	345½	363	..
Remington-Rand	47¼	20⅛	36⅛	23⅛	35¾	29⅞	32⅝	..
Reo Motor Car	26⅞	25½	35¼	22½	31⅞	27⅛	28¼	.50†
Republic Iron & Steel	75⅞	53	94½	49⅛	88¾	79¼	83¼	4
Reynolds (R. J.) Tab. Cl. B	162	98⅛	165½	128	163	150	150	5†
Richfield Oil of Calif.	28⅝	25¾	56	23½	49⅝	41½	43¼	2
S								
Savage Arms Corp.	72½	43½	51	36¼	51⅞	45¼	47¾	2
Schulte Retail Stores	57	47	67½	35¾	41½	31½	34	3½
Sears Roebuck & Co.	91½	51	197½	82⅛	181	157⅝	160⅞	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	30¼	26	26¾	1.40
Simmons Co.	64¾	33½	101⅜	55¾	116	92	104	3
Sinclair Consol, Oil Corp.	22¾	15	46¾	17⅜	45	36	41¼	..
Skelly Oil Corp.	37¾	24⅛	42⅝	25	40⅞	33⅜	35¼	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23½	57	45	52¼	..
Standard Gas & Elec. Co	66¾	54	84⅝	57⅞	99⅞	82	90	3½
Standard Oil of Calif.	60¾	50⅜	80	53	73½	64¾	67½	2½†
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	55½	48⅜	51	1
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	45¾	39¾	40⅝	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	145	121½	130¾	6
Stromberg Carburetor	60	26⅛	99	44	68⅞	52¾	62⅛	..
Studebaker Corp.	63½	49	87½	57	98	77	89	5
T								
Texas Corp.	58	45	74¾	50	68	58⅝	59½	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	82	74⅛	75⅜	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	20¼	16	19⅛	¼
Tide Water Oil	19⅛	15⅝	25	14⅜	37⅝	27⅛	30½	.80
Timken Roller Bearing	142½	78	154	112⅝	83	74¾	76⅞	3
Tobacco Prod. Corp.	117⅝	92¾	118⅛	93	102	94	94¾	3
Transcontinental Oil—temp. ctf.	10⅜	3¾	14½	6¾	13	9⅛	9¾	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	113⅜	91	110¼	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	227⅜	196⅛	216½	6
Union Oil California	56½	39⅝	58	42¾	52¼	48¼	49⅛	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27⅛	23⅛	23⅛	1
United Fruit	150	113½	148	131½	158½	139⅛	147	4
U. S. Cast Iron Pipe & Fdy	246	190½	53	38	47½	40	†41⅛	2
U. S. Industrial Alcohol	111⅛	69	138	102⅛	154⅞	128	142⅛	6
U. S. Rubber	67⅛	37¼	63¼	27	55¼	42	50⅞	..
U. S. Smelting Ref. & Mining	48⅞	33⅜	71½	39½	70¾	61⅝	68⅛	3½
U. S. Steel Corp.	160½	111⅜	172½	132⅜	192¾	157⅛	175¾	7
V								
Vanadium Corp.	67⅛	37	111⅛	60	116½	95¾	110⅛	3†
W								
Warner Bros. Pictures	45½	18⅛	139⅛	80⅞	134	116⅛	127	..
Western Union Tel.	176	144½	201	139½	208	179¾	190	8
Westinghouse Air Brake	50⅛	40	57⅜	42⅛	49¾	45⅛	47⅞	2
Westinghouse Elec. & Mfg.	94⅜	67⅝	144	88⅛	166½	137½	153⅛	4
White Motor	58⅜	30¼	43¾	30¼	52⅜	40⅝	49¼	1
Willys-Overland	24¾	13½	33	17¾	35	29½	31	1.20
Woolworth Co. (F. W.)	198½	117⅜	225¾	175½	222¼	200¼	202⅝	6
Worthington Pump & Mach.	46	20⅛	55	28	64½	47½	60	..
Wright Aeronautical	94¾	24½	289	69	299	256	270½	2
Y								
Youngstown Sheet & Tube	100⅛	80⅛	115⅝	83½	116¾	107	112¼	5

* Ex-dividend. † Not Including Extras.

Securities and Commodities Analyzed, Rated and Mentioned in This Issue.

RAILS SEEK RIGHT OF WAY IN THE STOCK MARKET

(*Continued from page* 736)

better class rails and point to improved market conditions for this type of security for some time to come.

Conclusion When consideration is given to all the above factors, both favorable and unfavorable, it would seem that buyers of rail securities have little to fear. It is unreasonable to expect that industrial issues are going to continue in the limelight indefinitely to the exclusion of the rails, and it appears extremely likely that in the near future considerable switching may take place from the former to the latter. Selling prices of rails are much more favorable to both earnings and dividends than is the case with the industrials and 1929 should witness a return of these issues to their former market position. Many false starts have been made by the rails during recent weeks, but, nevertheless, the rail group occupies a comparatively strong basic position that should be reflected in ultimately higher market valuations.

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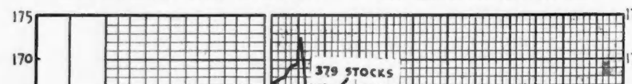
THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices = 100)

Number of Issues in Group	Group	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low	Recent Indexes Feb. 2	Recent Indexes Feb. 9	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	172.3	164.1	172.3H	162.4	165.4	166.0	109.2
40	Railroads	159.1	147.1	159.1H	149.5	147.1	148.9	119.5
3	Agrictultural Implements	578.6	504.5	578.6h	521.7	513.2	513.2	280.5
8	Amusement	267.4	246.5	255.6	246.5	253.8	262.9	98.3
15	Automobile Accessories	205.1	190.2	205.1H	193.1	190.2	190.2	86.4
18	Automobiles	134.9	126.2	134.5	126.2	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)	296.9	282.1	296.3	288.2	284.4	(Begun 1929)	
3	Baking (1926 Cl.—100)	95.5	82.0	91.5	82.0	82.3	82.9	51.5
2	Biscuit	237.7	215.7	226.8	215.7	225.2	242.4	169.7
4	Business Machines	271.9	234.1	271.9H	256.7	235.0	235.0	153.7
2	Cans	183.6	177.7	183.6H	180.9	177.7	181.4	117.2
7	Chemicals & Dyes	243.5	221.7	243.5	227.1	221.9	(Begun 1929)	
2	Coal	124.0	115.6	121.0	115.6	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	134.4	141.3H	134.4	136.9	136.9	94.4
15	Copper	316.6	299.6	316.6H	312.7	299.6	290.6	159.8
3	Dairy Products	121.0	111.2	118.1	111.2	120.4	132.5	68.1
7	Department Stores	86.5	78.0	81.0	78.0	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	190.6	198.0	190.6	196.0	201.9	157.2
5	Electric Apparatus	202.2	183.5	202.2H	193.7	183.5	183.5	125.6
3	Fertilizers	121.4	106.1	119.4	106.1	106.4	116.3	78.4
3	Finance Companies	179.7	126.7	179.7	167.4	126.7	(Begun 1929)	
4	Furniture & Floor Covering	197.5	179.4	195.0	179.4	185.0	185.0	110.2
5	Household Appliances	110.8	103.1	103.2	103.1	110.8	113.3	87.5
2	Invest. Trusts (1928 Cl.—100)	107.6	99.9	106.7	99.9	100.0	(Begun 1929)	
3	Mail Order	418.6	372.1	400.6	372.1	418.6	426.5	147.9
4	Marine	83.3	74.7	80.8	74.7	77.4	96.5	66.8
2	Meat Packing	104.4	92.3	97.9	92.3	104.4	(Begun 1929)	
40	Petroleum & Natural Gas	168.9	145.0	154.6	145.0	164.4	182.6	86.1
5	Phon'phs & Radio (1927—100)	303.9	267.3	298.0	267.3	290.0	(Begun 1929)	
17	Public Utilities	247.9	213.3	247.9H	232.5	215.5	215.5	127.9
10	Railroad Equipment	130.4	122.7	128.5	122.7	127.6	128.9	112.1
3	Restaurants	133.2	126.2	130.9	126.2	131.0	138.1	89.8
2	Shoe & Leather	178.3	157.5	168.0	157.5	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)	218.2	206.9	218.2h	213.2	208.6	214.0	152.9
13	Steel & Iron	148.8	138.8	148.8H	139.4	138.8	143.4	86.3
6	Sugar	81.6	73.9	78.5	73.9	78.7	93.7	72.8
2	Sulphur	295.2	273.7	289.0	273.7	286.9	386.9	251.6
3	Telephone & Telegraph	170.6	150.1	170.6H	159.3	150.1	150.1	120.8
6	Textiles	128.5	113.0	121.6	113.0	122.8	123.8	78.6
8	Tire & Rubber	106.0	96.0	105.0	96.0	104.0	104.0	61.5
11	Tobacco	184.6	173.6	182.1	173.6	180.9	195.0	167.8
5	Traction	137.1	125.1	134.6	125.1	126.6	150.4	103.8
2	Variety Stores	128.0	119.8	122.7	119.8	124.4	126.8	98.0

H—New HIGH record since 1925. h—New HIGH record since 1927.



(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments; and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

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These Stocks in this week's "Market Action"

American Can	Cerro de Pasco	Erie	Loew's	Paramount
Amer. Tel. & Tel.	Chesapeake & Ohio	Fox Film "A"	Mack Truck	Pennsylvania
Amer. Tobacco "B"	Chesapeake Corp.	General Motors	May Dept. Store	Postum
Anaconda	Chi. & Northwest.	Goodrich	Mo.-Kans.-Texas	Remington-Rand
Atchison	Chi., Rock Island	Goodyear	Mo. Pacific	Southern Pacific
Atlantic Refining	Consolidated Gas	Hudson Motors	Nash Motors	Southern Railway
Baltimore & Ohio	Corn Products	Hupp Motors	Nat'l Biscuit	Timken Roller Bearing
Beech-Nut	Curtiss Aero	Int. Combustion	N. Y. Central	Underwood-Elliott
Bethlehem Steel	Davison Chemical	Int. Tel. & Tel.	Nickel Plate	Union Pacific
Borden	Drug, Inc.	Kan. City South.	New Haven	U. S. Rubber
Canadian Pacific	Eaton Axle	Kelly-Spring.	Norfolk & West.	U. S. Steel
	Eng. Public Ser.	Kennecott	North. Pacific	Vanadium
		Kresge (S. S.)	Packard	Woolworth

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WILL LA SALLE STREET RIVAL WALL STREET?

(Continued from page 727)

at first concerned only with local financing, have gone further and further afield as their strength has grown. It is said that Chicago now finances one-fifth of the nation's annual new requirements. More and more its investment bankers are drawing to themselves the investment capital of the entire West, even to some extent of the East.

Chicago boosters declare that their city is already the best market in the country for mortgage bond and public utility financing, and much business of this kind that might be expected to go to New York now goes to Chicago. The modern finance company, like the mortgage bond, originated in Chicago, and it has been further developed here than elsewhere. There are 95 finance companies that have their head offices in Illinois, and the finance company business of the Chicago Federal Reserve district is undoubtedly in excess of that of any other district. Altogether there are now 360 investment houses in Chicago, including branches of outside firms. As late as 1913 Chicago investment houses primarily handled only $3,450,000 of bonds; thirteen years later the corresponding sum was $471,000,000. During the same period participation in flotations with outsiders grew from $257,000,000 to $1,186,000,000. A single Chicago trust company underwrites bond issues in practically every state in the union. One Chicago house has directly underwritten issues in fourteen foreign countries.

The amazing growth of the banks and trust companies of Chicago is building up one of the principal parts of the foundation of the city as a financial rival of New York. The resources of these banks, not including the Federal Reserve Bank of Chicago, agricultural credit banks with headquarters in Chicago, insurance companies and building and loan associations, aggregate 3¼ billions of dollars. The increase from 1914 to 1926 was 164 per cent—larger than for the country, as a whole. Demand deposits are increasing much faster in Chicago than in New York. More than 9,000 of the 22,000 domestic banks keep balances in Chicago. One Chicago bank has 22,000 foreign correspondents; six other banks have 11,000. As Chicago banks grow in power they also grow in their range of interests and activities. They are becoming more and more interested in investment banking.

Chicago labors under certain disadvantages in pretending to rival New York. The common use of the New York draft throughout the country is one of them. Exchange accumulates in New York and is drawn upon to settle obligations elsewhere. Through long custom western corporations maintain balances and paying agencies in New York, even although their business operations there are nil. As a great international port New York has the advantage of financing foreign trade; Chicago gets little or none of this acceptance business. Chicago is virtually without any call money market that attracts the surplus funds of outside banks. The inferiority of its stocks and bond exchanges results in a vast flow of money to New York that might be considered naturally tributary to Chicago.

But in all these particulars of disadvantage Chicago is now consciously striving for betterment. Nothing henceforth will be left to default or surrendered to custom and tradition. Chicago is out to be a national and world financial center. The main attack in the next few years is to be in the stock exchange sector. The Chicago Stock Exchange is making a start in the direction of a call money market and money trading. It is the lack of banking financing of speculation that holds that exchange to a very minor position compared with the New York Stock Exchange more than anything else.

Board of Trade Adopts Securities

Probably the most significant advance in the stock market move is the decision of the Chicago Board of Trade to inaugurate securities trading. As emphasized above western speculation has always turned to the grain exchanges. The Chicago Board of Trade has the machinery, the membership, the prestige and the popular following to give security trading a western home environment that it has never had. Investors in stocks and bonds may not care a feather's weight about the financial rivalry of Chicago and New York, but they cannot but benefit from a multiplication and widening of security markets, which is bound to be a product of that rivalry.

As far as primacy is concerned New York has nothing to worry about in Chicago's emulation for a long time to come. The typical Wall Street view was expressed to the writer by a broker whose opinion about Chicago's challenge had been solicited.

"When the schooner America," he answered allegorically, "was winning the Cowes regatta in 1851, Queen Victoria was an anxious spectator."

" 'What yacht leads?' " she asked the royal steward, or chamberlain, or whatever he was.

" 'The America, your majesty.' "

" 'And which is second?' "

" 'Your Majesty, there is no second.' "

It's not so bad as that—or at least will not long be. Chicago is coming fast.

MUSSOLINI MUST PROVE METTLE AS BUSINESS MAN

(*Continued from page 733*)

1928 amounted to seven billion lira as compared to five billion lira in 1927.

The latter part of the year witnessed an improvement in industrial conditions but whether the present stabilization program will be carried through to success is still a debatable question. The current year may see an adjustment. In any case, the government, by virtue of agreements with foreign central banks will be able to secure the aid of ample resources, should the need arise.

If an error has been committed, the Fascist government is not gravely aware of the fact. Great faith is placed in the future productive capacity of the "Corporative" state, and the willingness of the masses to endure patiently the hardships of economic reconstruction.

Mussolini's slogan for the seventh year of Fascism is "land reclamation." More than 10% of Italy's arable land is still begging cultivation. Laws have been passed to prevent immigration to the cities and compelling certain categories of vagrants and unemployed to emigrate to the land. According to the announced program seven billion lire will be spent over a period of fourteen years to provide for and aid those who will leave the cities to settle on the reclaimed land.

Through increased productivity both in industry and agriculture, the government hopes also to solve the problem created by the unfavorable trade balance. In the past the gap in the commercial balance was partly filled by remittances from immigrants, expenditures of tourists and receipts from the merchant shipping service. But in the aggregate, all these sources fail to produce anything like a balance. The following are the official figures of Italy's commerce with foreign countries in the years 1925-26-27:

(In thousands of paper lire)

	Imports	Exports	Total	Excess Imports Over Exports
1925..	26,200,485	18,274,261	44,474,746	+7,926,224
1926..	25,878,857	18,664,520	44,543,377	+7,214,337
1927..	20,369,285	15,615,379	35,984,664	+4,753,906

The dynamic facts of a nation's economic life cannot be appreciably altered in the brief space of seven years through a mere change in the form of government. In this stage of the battle Mussolini obviously moves with less force and precision. He has a firm hold on the faith and imagination of his people but whether he retains that hold depends now on his ability to give Italy the prosperity which it craves. His skill as a practical economist is to meet its critical test with the Italians as with other people, there comes the point where "business is business."

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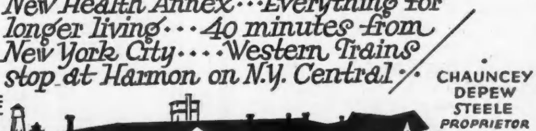

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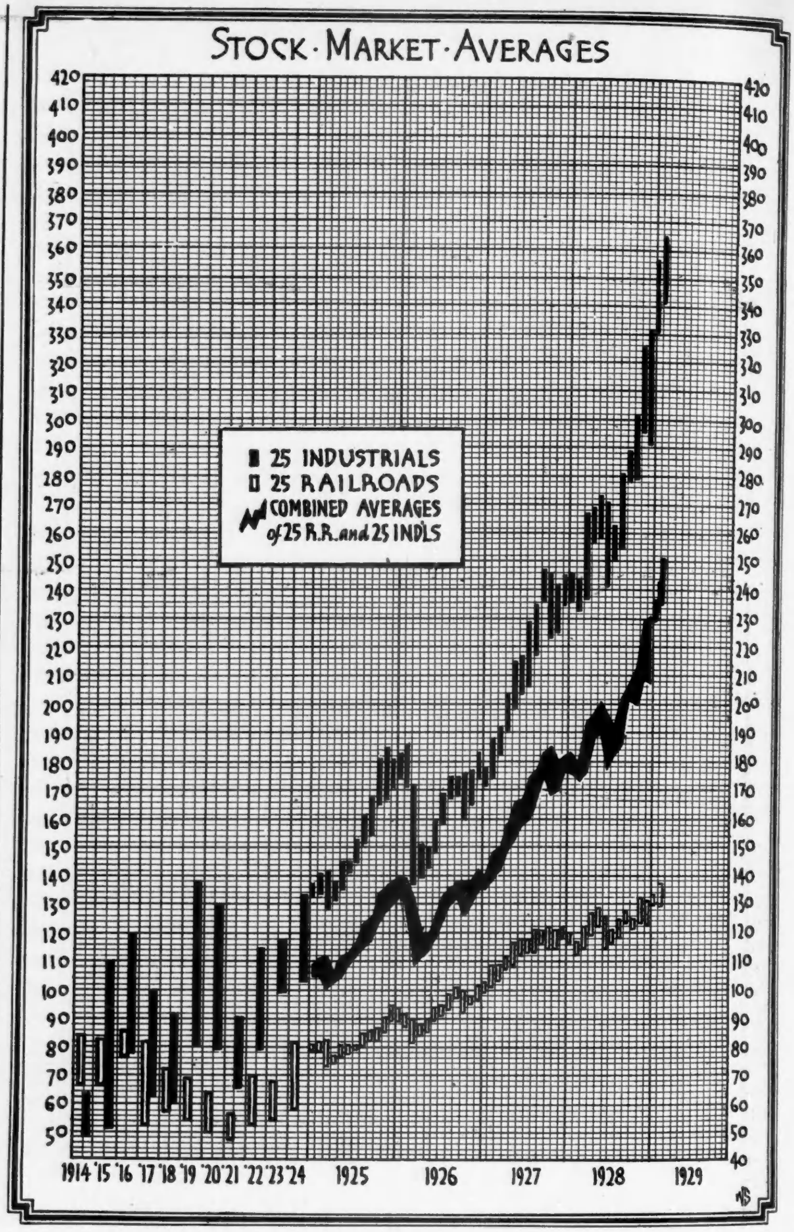
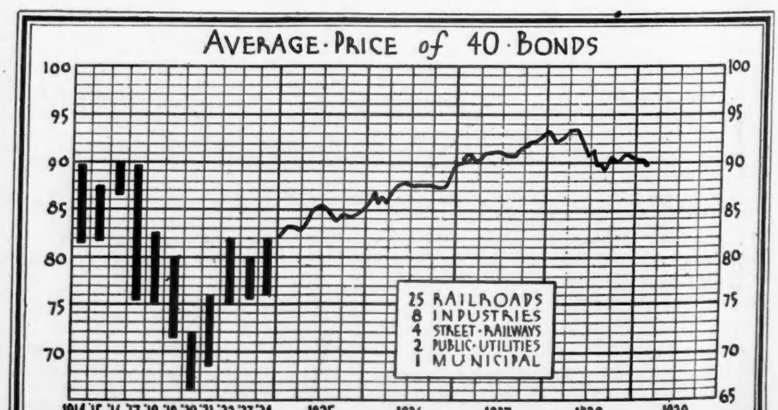


Market Statistics figures will be found on page 795



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WHAT IS HAPPENING TO THE EXPRESS COMPANIES?

(*Continued from page 739*)

ground for the commissioner's apprehension, although apparently the replies given by President Storey of the Atchison, as chairman of the committee that worked out and is carrying through the new plan, did not appear altogether satisfactory.

The Bankers' Influence

In express, banking and railroad circles, it is gravely doubted that American Railway Express will go into express transportation business in any form, or by the use of any transportation mediums. Special attention is directed to the fact that a group of bankers who have working control of Adams, are likewise directors of American Railway Express. In the latter capacity they are naturally eager to increase the earnings of that company, because of their interest in Adams, which, according to the latest information obtainable, owns about 139,000 shares of American Railway Express stock.

As an investment trust, American Railway Express would be able to start out with nearly $42,000,000 with which to buy securities. Of this amount something over $31,000,000 would represent the proceeds of the sale of its physical property for express transportation business to Railway Express Agency and the other $10,000,000 assets already in its treasury. This is a tidy sum with which to begin the buying of securities. If it should be decided to liquidate American Railway Express it is estimated that there would be between $121 and $122 a share. Liquidation, however, is regarded as unlikely. It is believed that Adams directors want American Railway Express to work for it instead of receiving a liquidating distribution.

Adams has been in a strong position ever since the sale of its physical property for express transportation business to American Railway Express in 1918. The value of its 139,000 shares approximately of the stock of that company has increased tremendously by reason of the advance in the market price from around 87 in 1927 to 143, the high quotation for 1928.

On its large holdings of American Railway Express it is receiving dividends at the rate of $6 per share per year. While it is not possible at the moment to learn definitely just what other holdings Adams has as an investment trust, it is understood that it includes a substantial block of Chase National Bank stock. There is reason for believing that recently the executive committee of Adams, which directs its purchase and sale of securities, has been inclined to take advantage of the high prices for stocks that it held, by liquidating them and becoming an ex-

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Bonds Called for Redemption

Company		Maturity	Amount	Price	Redemption Date
Anaconda Copper Min. cons. A mtgs..	6%	1953	$598,000	105	Feb., 1929
Argentine Nation S/F..................	6%	1961	$138,000	100	Feb., 1929
Argentine Gov. Conversion Loan of....		1888–89	$562,000	100	April, 1929
Associated Oil 12-yr. nts..............	6%	1935	$1,200,000	102½	Mar., 1929
Barnsdall Corp. 15-yr. S/F deb.........	6%	1940	$21,155,000	V.P.	Feb., 1929
Consol. Gas Elec. Lt. & Pr. of Balt. 1st Ref. Ser. A......................	6%	1949	$10,531,000	105	April, 1929
Cuba (Rep. of) est......................	5%	1949	$334,000	102½	Feb., 1929
Denver Gas & Elec. gen..............	5%	1949	$56,000	105	May, 1929
Eastern Minn. Pr. 1st Ser. A..........	5½%	1945	$315,000	105	July, 1929
Famous Biscuit deb..................	7%	1935	E.I.	102½	Feb., 1929
Georgia-Carolina Elec. 1st notes.......	6%	1929	$1,847,000	100	Feb., 1929
Independent Oil & Gas conv. Deb......	6%	1939	$182,000	102½	Mar., 1929
Interstate Utilities 1st	6%	1939	$944,000	105	May, 1929
Kansas City Gas 1st..................	5%	1946	$18,000	103	Feb., 1929
Ludlum Steel 1st mtge ser. A..........	7%	1943	$1,088,000	107½	Feb., 1929
Manhattan Oil of Del. 1st ln. coll. Tr. Ser. A	6%	1931	$2,528,000	101½	April, 1929
Manhattan Oil 1st ln, coll, Tr. Ser. C.	6%	1932	$275,000	102	May, 1929
Mid-Continent Pet. 1st mtg.............	6½%	1940	$9,200,000	105	Mar., 1929
Middle West Utilities nts.............	5½%	1929	E.M.	100	Feb., 1929
Montgomery-Ward prop. 1st gold A....	5%	1946	$5,577,000	N.S.	May, 1929
Municipal Service 1st ln. coll. Tr......	5%	1949	$276,000	110	Feb., 1929
New York Tel. 30-yr. S. F. Deb......	6%	1942	E.I.	103	Mar., 1929
Pan American Pet. & Trans. 10-yr. conv. S/F	6%	1934	$287,000	103	Feb., 1929
Penna Tank Line Eq. Tr. Ser. U....	5%	1929–31	E.I.	101	Feb., 1929
Peru (Rep. of)	5%	1946	$39,000	100	June, 1929
Richfield Oil Co, 1st & coll. tr. ser. A conv.	6%	1941	$339,000	102½	Feb., 1929
Spanish River Pulp & Paper mtge. ln. notes	6%	1929	$493,000	102	Mar., 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$25,000	105	April, 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$1,525,000	105	Oct., 1929
Tide Water Pr. 1st l. r. Ser. C.......	5%	1929	$5,370,000	100½	Mar., 1929
Tide Water Pr. 1st lien & ref. Ser. A.	6%	1942	$6,796,000	107	Apr., 1929
Tide Water Pr. 1st lien & ref. Ser. B..	5½%	1945		105	Apr., 1929
Vicksburg, Shreveport & Pac. Ry. ref. & Imp. mtg. Ser. A.................	6%	1973	$1,845,000	105	May, 1929
Wanamaker, John (Phila.) 1st g......	6%	1932	$10,000,000	100	April, 1929
Westinghouse Elec. & Mfg. 20-yr......	5%	1946	$30,000,000	105	Mar., 1929

V.B.—Various bonds. V.P.—Various prices. N.S.—Not stated. E.I.—Entire issue. V.N.—Various notes. E.M.—Entire maturities.

tensive lender of money in the Street.

Of even greater importance than its own strong financial position and excellent credit, those who are most familiar with the position of the company feel that attention should be directed especially to the unusual advantages that it has to acquire satisfactory securities by reason of the great number of other directorships held by some of its own directors. It is estimated that Adams earned 15% on its common stock in 1928. Profit and loss surplus, it is also estimated, increased last year approximately $90 a common share. Both Adams and American Railway Express are expected to increase their capital stock materially when money rates drop to lower levels.

The immediate future of American Express seems somewhat more difficult to forecast than that of either American Railway Express or Adams. As already shown, American Express, since 1918, has been engaged in various forms of banking, prominent among which has been the issuance of money orders and traveler's checks. The suggestion is offered that from now on these kinds of business may not prove as profitable as in the many years gone by, chiefly because of the increased extent to which banking institutions proper have gone into them. American Bankers' Association orders are being used on a steadily and rapidly increasing scale also.

American Express has a valuable building on lower Broadway and it is suggested that its directors might decide to sell it and to become an investment trust almost exclusively, giving up its other lines of business, at least to a great extent. Through the agreement between the railroads and Railway Express Agency, Inc., American Express has been given an extension of six months on the agreement through which American Railway Express has handled American Express money orders, at points where this business was done in railroad offices. Just how this business will be continued, after that time, if at all, by American Express, cannot be ascertained at the moment.

American Express owns from 130,000 to 131,000 shares of American Railway Express, on which it also receives dividends at the rate of $6 a share per year. A higher rate of dividend is expected for American Railway Express stock, which would increase the return on this investment of both American Express and Adams. There has been some talk of American Express being liquidated, but this appears to be a point on which a decision has not been reached. At the present time it seems more likely that it will be continued as largely an investment trust.

In the foregoing outline of the past, present and possible and probable future of the three leading express companies now in existence, sufficient has been said to indicate clearly that it will be extremely interesting, and quite possibly highly profitable, to watch closely each successive move of their respective directors, so far as such information may be available.

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Statistical Record of Business

	Week Ended Feb. 9, '29	Week Ended Feb. 16, '29	Year Ago
Volume Stock Exchange Transactions (shares)	22,564,950	18,537,810	10,758,410
Average Price Magazine of Wall Street Index	162.4	160.2	109.2
Volume Bond Transactions	$49,775,800	$47,012,050	$55,986,650
Average Price 40 Bonds	89.91-89.64	89.56-89.39	92.74-92.40
Brokers Loans (Federal Reserve	†$5,669,000,000	‡$5,568,000,000	$3,819,000,000
Comm'l Loans Federal Reserve Member Banks	$8,687,000,000	$8,700,000,000	$8,617,444,000
Federal Reserve Ratio	69.3	69.8	74
Gold Holdings	$2,830,605,000	$2,848,149,000	$2,980,811,000
Rediscount Rate, N. Y.	5%	5%	4%
Debits to Individual Accounts	$19,901,000,000	$16,866,000,000	$12,017,000,000
Call Money	9%	10%	4¼%
Time Money (90 days)	7½-7¾%	7¾%	4¼-4½%
Commercial Paper	5½%	5½%	4-4¼%
Acceptances (90 days)	5⅛-5%	5⅜-5¼%	3⅝-3½%
Dun's Business Failures	550	476	520
Weekly Food Index (Bradst's).	$3.44	$3.46	$3.27
	Jan. 1	Feb. 1	
Wholesale Prices (Bradst's)	$12.97	$12.98	$13.53

Industrial Barometers

	November	December	Year Ago
U. S. Steel Unfilled Tonnage	3,673,000	3,977,000	3,972,000
Steel Ingot Production	4,259,380	4,015,434	3,175,484
Pig Iron Production	3,302,520	3,369,846	2,695,755
Pig Iron Furnaces in Blast	194	201	172
*Copper Production (short tons)	85,382	85,673	79,878
Car Loadings	4,245,028	4,413,778	4,175,277
Automobile Production	256,936	233,135	133,571
Building Permits (Bradstreet's)	$227,403,642	$211,730,357	$248,601,381
Petroleum Production (bbls.)	76,031,000	79,448,000	74,951,000
Bituminous Coal Production (net tons)	46,041,000	43,380,000	41,114,000
Cotton Consumption (bales)	610,884	534,352	543,589
Spindles active	30,596,840	30,622,172	31,722,276
Wool Consumption (lbs.)	44,079,044	40,473,629	36,266,775
Railroad Earnings	$113,694,855	$94,385,667	$55,476,000
% on Railroad Property invested	5.83	....	4.86

Foreign Trade

	November	December	Year Ago
Merchandise Exports	$546,000,000	$475,000,000	$407,649,000
Merchandise Imports	$327,000,000	$338,000,000	$330,921,000
Gold Exports	$22,915,000	$1,636.000	$77,849,000
Gold Imports	$29,591,000	$24,940,000	$10.431,000

Distributive Trades

	November	December	Year Ago
Mail Order Sales Index Number 1923-1925—100%	176	208	167
Chain Stores Sales index number 1923-5—100%	171	238	216
Dept. Store Sales index number 1923-5—100%	122	187	186

* U. S. Mines. † Feb. 6. ‡ Feb. 13.

TRADE TENDENCIES

(Continued from page 762)

to the strip making branches, both hot and cold-rolled where the tight position heralds a price increase. Chicago mills are particularly favored by a volume of freight car and rail orders, and pipe line demands, which does not obtain in other districts, with the result that several additional furnaces have been blown in, to care for the ascending needs in that district. The automotive industries are functioning at top speed, as are the manufacturers of farm implements, while the arrival of warmer weather should witness a firming up in structural material wants.

Output of pig iron in January also established a record,—at 3.4 million tons. Not only was this total the best for any January in the history of the trade, but in addition, it exceeded every other monthly figure since April of 1927. During the past year or so, production of iron had been somewhat disappointing, but current operations, according to latest records, have resulted in an output which compares more favorably with the total turnout of steel than has been the case for a long period. It may be that the excessively high costs of scrap steel brought about a greater iron demand, —although no definite indications have arisen which point to an increased utilization of iron in steel manufacture, to the detriment of scrap tonnage consumed in the same manner. Prices of iron are comparatively steady, while backlogs, which have suffered depletion through heavy deliveries, are commencing to accumulate again, on better demand.

Scrap prices are easier in almost all markets, and the organization of the Institute of Scrap Iron and Steel may conceivably forecast a greater degree of stability in this line. Heretofore, both buying and selling has been a haphazard process for the most part, and this concerted movement on the part of dealers is proof of a realization of the importance of a business which supplies almost 25% of the raw material in steel making.

The indication of a good volume of requirements, together with a high rate of activity at mills and generally sustained price levels should be evidenced in a gratifying aggregate of steel company earnings for the first quarter,—earnings which will no doubt compare favorably with those of the last quarter of 1928.

METALS

Position of Copper Strong

Increasing evidence of a greater opportunity for speculative manoeuvering, together with general strength of

(Please turn to page 783)

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New York Curb Market

IMPORTANT ISSUES

Quotations as of February 13

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer.	189	146	166
Aluminum pfd. (6)	106	103½	105½
Amer. Cyanamid "B" (1.40)	80	50⅛	60⅜
Amer. Cyanamid pfd. (6)	101	98	100¼
Amer. Gas Elec. (1)‡	174	128	159¾
Amer. Super Power A (1.2)†	134½	62¼	100¼
Assoc. Gas Elec. "A" (2¼)	59	49¼	58¼
Centrif. Pipe (0.60)*	13	10	10⅜
Cities Service (1.2)†	110	88⅛	110
Cities Service Pfd. (6)†	98⅝	96⅜	97⅜
Cons. Gas of Balt. (3)	112	91¼	102½
Consolidated Laundries	19½	17	18
Durant Motors†	20	13⅞	16⅛
Elec. Bond Share (1)†	274¾	167½	259¾
Elect. Investors† (3.50 stk.)	124	77½	112
Ford Motors of Canada (15)	890	626	635
Ford Motors, Ltd.	20⅝	15⅛	17⅛
General Baking*	10⅞	9	9⅛
General Baking Pfd.*	79⅛	73½	74
Glen Alden Coal (10)†	139	119¾	128¾
Gulf Oil (1.5)†	167	142⅛	150
Happiness Candy Stores	5⅝	4½	4½
Hecla Mining (0.60)	17½	16	17⅛
Hygrade Food Products	49⅞	34¾	41⅛
International Utilities B	22	15¾	19⅝
Insur. Securities Inc. (1.40)	32⅞	30⅞	32¼
Land Co. of Florida†	13	10	10
Lion Oil Refining (2.25)*	33½	29	29
Lone Star Gas (2)	74⅞	67	73⅜
Metro Chain Stores	80⅝	74	76½
Mountain Producers (2.60)†	21⅛	19	20
National Fuel Gas (1)	27⅜	25¾	26½
New Mex. & Arizona Land†	8⅝	7½	7¾
New Jersey Zinc (12)	325	279¾	310
Nipissing Mining (30c)*	3¾	3	3⅛
Phelps Dodge (8)	375	199½	352
Pittsburgh & Lake Erie (5)	156⅞	145	147½
Puget Sound P. & L.†	102	102	102
Salt Creek Producers (3)†	25⅞	22	23⅞
So'east Pwr. & Lt. (1)	90	71⅛	84⅞
So'east Pwr. & Lt. (4)	90	87⅛	89
Stutz Motors*	34	18	23⅜
Tobacco Products Export†	3¼	3	3
Transcontinental Air Trans.	30	24½	25⅜
Trans Lux	12½	5⅜	11⅜
Tubize Artif. Silk† (10)	550	490½	500
Tung-Sol "A" (1.80)	27½	25½	25⅝
United Gas & Improve't (4½)	195¼	161⅝	189
U. S. Gypsum (1.60)	73	62⅛	66

STANDARD OIL STOCKS

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Continental Oil	23⅞	17¼	22¼
Humble Oil (1.6)†	105¼	91½	92¼
International Pet. (.75)	65½	50¼	56
Ohio Oil (2.75)	74⅜	64⅛	67½
Standard Oil of Ind. (3.5)†	103¼	85	93¼
Vacuum Oil (4)†	130⅜	105½	119½

* Listed in the regular way.
† Admitted to unlisted trading privileges.
‡ Application made for full listing.

INCOME TAX DEPARTMENT

(Continued from page 766)

will not cover situations that may come up in many returns, let us work out another example. Take this case. A has a net income of $7,500, made up of a $30,000 salary, less a $22,500 loss on stocks. In other words, the earned income is greater than the net income. That, however, does not change the method of computing the credit. There is no surtax on an income of $7,500. The normal tax would be $60. The earned income credit would be figured on the $30,000. From our previous computation, we know that on $30,000 the normal tax credit is $276.25. However, the earned income credit on the normal tax cannot exceed 25% of the actual normal tax. The actual normal tax, we said, was $60. Hence, the earned income credit on the normal tax would be restricted to $15. The earned income credit on a surtax base of $30,000, we found was $220. A is entitled to this even though his net income is not subject to surtax. His total earned income credit, therefore, is $235. Since the regular normal tax was only $60, the credit would exceed the tax and accordingly leave nothing for A to pay.

When we know how to compute the normal tax, the surtax and the earned income credit, we have practically covered all there is to figure in the case of the average return. In some cases, however, the so-called capital gain tax may also have to be considered. That is what we shall discuss in the next article.

QUESTIONS AND ANSWERS

Traveling Expenses

Q. I worked for a salary of $35 a week and was allowed $21 a week for board. This $21 was not included in a report which I received from the company on which to pay the tax. I am now with another company and I receive $55 a week with no allowance for board. I travel around a great deal. Can I deduct $21 a week the same as with the other company?—E. D.

A. The $21 was not originally allowable and cannot be deducted now. The payment made to you for board is considered part of your salary and must be reported as income. However, you cannot take as a deduction monies you pay for personal living expenses. Nevertheless, traveling expenses incurred by you in connection with your employment, that you are required to pay out of your salary, are deductible.

First Return

Q. I have never had to pay income tax but will this year. How do I go about it? Where do I get papers to fill out? I am married and pay $500 toward the support of my Dad. Is that allowed? How about church?—A. F. M.

A. A blank can be secured from the nearest office of the Collector of In-

(Please turn to page 792)

(*Continued from page* 781)

statistical position and consuming demand, have developed a degree of market activity in the non-ferrous metals that is absorbing more and more attention. Copper, in five separate price advances, since the years' opening, has attained the 18 cents selling point; lead prices have suffered two advances in as many weeks, and are now 6.85 cents, N. Y.; zinc producers are attempting to form a single selling agency in order to effectively raise the price of their product; tin prices, under manipulation, and in the face of rising supplies, have been fluctuating up and down with almost startling rapidity. However, with industry proceeding at a fairly rapid gait, the future apparently holds forth promise of a sustained need for,—and therefore, interest in the non-ferrous group.

Copper, at its present price of 18 cents, under current conditions, is evidently selling at a level which is justified by the very manifest strength of demand. With the possible exception of the consequence of the wage increase granted to copper-mine workers, all the advances from the 1928 closing price of the metal were brought about by the heavy buying of domestic and foreign consumers. It is estimated that the greater portion of the needs of United States consumers have been covered through April and May, while overseas accounts have considerable buying to do for late March and April.

As a result of the sustained and rapid purchasing policies, production of copper has mounted to new high monthly totals, but, nevertheless, the industry is far removed from overproduction. In the first place, refineries, which are working at top speed, serve as a "neck to the bottle" for, although ore can be taken from the ground in almost unlimited quantities, it must be processed before it becomes of value, and this extraction process consumes a fairly lengthy period of time. In the second place, producers are visibly anxious, and apparently capable of keeping output from surpassing requirements by more than a small amount. The danger that used to exist in ascending copper prices, which would cause high cost producers to flood the markets, is no longer of much concern to the trade. At this time, refineries of the larger and better managed companies are the source of considerably more than 50% of the red metal, while the output of these marginal operators is almost negligible in affecting world supplies. Of course there are the considerations of further mining developments in Africa and Canada, and the remote possibility of a substitute for copper if prices become exorbitant, but no fears have been expressed over the situation.

Providing that business conditions warrant no falling off in industrial needs for copper, such as are provided by the electrification of railroads, development of public utilities, telephone and telegraph requirements, and building and construction demands, the prices for the metal can hardly be ex-

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Bank and Public Utility Stocks

	Div. Rate	1929 High	1929 Low	Last Sale Feb. 14
Anglo & London Paris Nat. Bank	$10.00	266	252½	262½
American Company	4.00	146½	139½	140
Great Western Power Pfd	7.00	107⅛	105½	106
Pacific Lighting	3.00	80⅞	70	73⅛
Pacific Telephone & Tel. Pfd	6.00	126½	121	126½
Pacific Gas & Elec	2.00	67⅜	54	59⅞
Pacific Gas & Elec. Pfd	1.50	28	27	27⅛

Industrial and Miscellaneous

	Div. Rate	1929 High	1929 Low	Last Sale Feb. 14
Atlas Imperial Diesel Engine "A"	1.50	65⅛	56¼	58
Byron Jackson Pump Company	1.60	86½	76¾	77
California Packing	4.00	78½	73⅜	77
Caterpillar Tractor	3.00	80¾	78½	75⅝
Clorox Chemical Company	...	50½	42	42⅝
Crown-Zellerbach Corp. cm. vtc	...	25⅛	22⅜	23
Crown-Zellerbach Corp. 5% Pfd	5.00	96	92	95
Dairy Dale Company "A"	1.50	27	23¼	26½
Dairy Dale Company "B"	0.75	25	17½	23
Firemen's Fund Insurance	5.00	151	127	144
Foster & Kleiser (cm)	1.00	12½	11	11
Golden States Milk Prod	1.60	59½	54	54
Hale Brothers	2.00	24½	21½	24
Hawaiian Coml. Sugar	3.00	52⅞	50⅛	52⅞
Hawaiian Pineapple	1.80	62½	60	60⅛
Home Fire & Marine	1.60	46½	41½	44¼
Honolulu Cons. Oil	2.00	38½	37	38¼
Illinois Pacific Glass "A"	2.00	47	40	43½
Kolster Radio Corp	...	79½	57⅝	60½
Magnavox Co.	None	13⅛	7	7½
North American Oil	3.60	38	27⅝	28
Oliver United Filters, Inc., "A"	2.00	46	38⅞	40¾
Oliver United Filters, Inc., "B"	...	45	36	39½
Paraffine Common	3.00	88½	83	84
Richfield Cons. Oil	1.00	48⅞	42	42½
Schlesinger A Common	1.50	21	20	20⅛
Shell Union Oil	1.40	29	26½	26½
Standard Oil of Calif	2.50	72¼	65⅛	66⅞
Union Oil Associates	1.99	51¼	48	46¾
Union Oil of California	2.00	52	48¾	48⅛
Yellow & Checker Cab "A"	4.00	53	50⅛	50½

Flying Stocks

THE astonishing progress of American aviation during the past twelve months, considered in the light of the stable and satisfactory position of aeronautical industries abroad, suggests that now is the time to invest in the securities of the best American aviation companies. We shall be glad to give counsel and to make recommendations on request.

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pected to fluctuate downward to any substantial extent, and they may conceivably go higher in ensuing months. Copper company earnings should mirror the splendid combination of high output and good prices.

BUILDING

Outlook Slightly Improved

As one of the "state of business" indices, the condition of the building trade is being subjected to a more careful scrutiny than is usually accorded the review of an industry. Reflecting as it does the changes in requirements for housing of population, development of public utilities, expansion of industrial facilities, and creation of civic property and engineering works, important trends in all of the basic fields of endeavor are represented to some extent in the total figure for "building and construction." In addition to serving as a mirror for the needs of industry, this business also consumes tremendous amounts of steel, lumber, cement, paint and the like, beside giving employment to thousands of workers of all classes.

For the year 1928, the aggregate of contracts let for building and construction projects attained record proportions. Figures for the year differ considerably, according to the source of the data, but one authority sets the total at 6.6 billion dollars, an increase of 5% over the 1927 total and a gain of some 4% over 1926. However, the returns for the last two months of 1928 revealed a downward tendency in contracts, and this year began with a disappointingly small sum-total of building permits upon which to base future activity in the trade. Returns for January, 4% under the corresponding month of last year, and 5% below December totals, were in consonance with the descending trend, although perhaps to a less marked degree. Of the three distributions of construction,—

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residential, non-residential and civil, the greatest portion of the decline is traceable directly to the first class, and inasmuch as residential building constitutes more than 40% of total, any diminution in this sub-head is of considerable import to the aggregate.

One of the most plausible and most widely accepted explanations for the lower results in this industry of late months is the state of the money markets. The high rates prevailing in the call money market (which have ranged from 6-12%) and in the time money markets (where quotations have lately fluctuated in the neighborhood of 7%) offer greater returns to funds seeking employment than an investment in some construction project. Therefore, the bond issues which are normally floated in connection with the financing of building programs are being withheld until the period of credit stringency has abated, while the project itself must of course await the acquisition of funds. Just lately, an attempt was made to finance a construction project by the issuance of two classes of stocks, and was successfully culminated, but it will undoubtedly take a long while before such a practise becomes general.

How far off the period of money ease is, is questionable. But, at any rate, seasonal considerations obtain to some degree in this business, and it is altogether possible that the incidence of spring will witness a revival of activity. Most of the agencies connected with the building trades who prepare estimates of returns for the year to come, foresee no deteriorating influences, and express the opinion that the outlook for the next few months is cheerful enough. Profits, however, if past performance be any guide, will not register a very substantial bulge, for competition and high costs are the common lot of the industry.

For Feature Articles to Appear in Next Issue
See Page 721

Dividends and Interest

METRO-GOLDWYN-MAYER PICTURES

February 19, 1929.

The Board of Directors of Metro-Goldwyn Pictures Corporation has declared a quarterly dividend of 1¾% on the Preferred Stock of this Company, payable on the 15th day of March, 1929, to stockholders of record at the close of business on February 28, 1929.

Checks will be mailed.

DAVID BERNSTEIN,
Vice-President and Treasurer.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate		Amount Declared		Stock Record	Payable
$4.00	Atlas Powder com...	$1.00	Q	2-28	3-11
3.52	Bangor & Ar't'k com.	0.88	Q	2-28	3-1
7.00	Bethlehem Steel pfd..	1.75	Q	3-4	4-1
3.00	Chrysler Corp.	0.75	Q	3-2	3-30
9.00	Delaware & Hudson..	2.25	Q	2-26	3-20
8.00	Diamond Match Co....	2.00	Q	2-28	3-15
2.00	Empor'm Capwell com	0.50	Q	3-1	3-20
1.00	Eng. Pub. Ser. com..	0.25	Q	3-4	4-1
1.00	Kroger Gr. & Bk. com	0.25	Q	3-1	3-20
1.75	L'ville G. & E. com A	0.43¾	Q	2-28	3-21
1.75	L'ville G. & E. com B	0.43¾	Q	2-28	3-25
Stk	Nat'l Dairy Prod. com	1%	Q	3-4	4-1
3.00	Nat'l Dairy Prod. com	0.75	Q	3-4	4-1
7.00	Nat'l Lead Cl. A pfd.	1.75	Q	3-1	3-15
8.00	Norf'k & W. Ry. com	2.00	Q	2-28	3-19
Stk	North Am. Co. com...	2½%	Q	3-5	4-1
3.00	North Am. Co. pfd...	0.75	Q	3-5	4-1
2.60	Pub. Ser. N. J. com .	0.65	Q	3-1	3-30
8.00	St. L.-San Fran. com.	2.00	Q	3-1	4-1
2.50	Standard Oil of Neb..	0.62½	Q	2-25	3-20
....	Standard Oil of Neb..	0.25	Ext	2-25	3-20
Stk	Texas Pac. Coal & Oil	2½%	..	2-23	3-20
7.00	U. S. Steel Corp. com.	1.75	Q	2-28	3-30
4.00	Vacuum Oil	1.00	Q	2-28	3-20

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Over-the-Counter

IMPORTANT ISSUES
Quotations as of Recent Date

	Bid	Asked
Aeolian Co., pfd. (7)	68	75
Aeolian Weber	10	20
Aeolian Weber, pfd. (7)	30	40
Alpha Port. Cement (3)	54	56
Pfd. (7)	116	..
American Book Co. (7)	120	130
American Cigar (8)	138	145
Pfd. (6)	109	111
Amer. Dist. Teleg. (3)	103	107
Con. Pfd. (7)	110	112
Amer. Meter Co. (5)	121	126
Atlas Port. Cement (2P)	53	55
Pfd. (2.68)	50	60
Babcock & Wilcox (7)	126	131
Bliss (E. W.) Co. (1)	..	..
1st Pfd. (4)	60	..
Cl. B Pfd. (0.60)	10	15
Bohack (H. C.) Co. New (2½)	72	77
1st Pfd. (7)	103	107
Central Aguirre (6P)	38½	39½
Colt Fire Arms (2)	38	42
Congoleum Co. Pfd. (4)	105	..
Continental G. & E.	..	..
Prior Pfd. (7)	103½	105
Crocker-Wheeler Elec.	240	260
Pfd. (7)	98	103
Detroit & Canada Tunnel	6	6½
Dixon (Jos.) Crucible (8)	165	170
Fajardo Sugar (10)	120	122
Franklin Rwy. Sup. (4)	60	65
Helme, Geo. W. (4)	110	112
Pfd. (7)	123¾	..
Hercules Powder (new)	118	120
Pfd. (7)	110	120
Knox Hat (5P)	235	255
Pr. Pfd. (7)	105	108½
Part Pfd. (4)	60	65
Leonard, Fitzpatrick, Mueller (1.5)	34	36
Pfd. (8)	117	124
Ludlow Valve Mfg. (3.75)	45	52
Manhattan Rubber (3)	48	..
Metropolitan Chain Stores:		
New Pfd. (7)	118	122
National Sugar Ref. (2)	48	49
Neisner Bros. Pfd. (7)	200	220
New Eng. Tel. & Tel. (8)	149	153
Phelps Dodge Corp'n (8)	355	365
Remington Arms	38	40
1st Pfd. (7)	98½	100
2nd Pfd.	98	..
Royal Baking Powder w. i.	40	41
Pfd. (6)	100	103
Ruberoid Co. (4)	99	101
Savannah Sugar (8)	126	130
Pfd. (7)	115	117
Shaffer Oil & Ref. Pfd. (7)	96	99
Singer Mfg. Co. (10P)	600	625
Singer, Ltd. (¼)	6¼	6½
Superheater Co. (6P)	164	170
Wash. Ry. & Elec. (5)	590	630
Pfd. (5)	99½	99⅝
White Rock 2nd Pfd. (10)	180	..
1st Pfd. (7)	100	..
Woodward Iron (4)	68	72
Pfd. (6)	90	..

THE great popularity of common stocks has relegated bonds and preferred stocks almost to the limbo of forgotten things. The indifference of the average investor toward these types of investment issues has created an opportunity for the buyer who, looking ahead to the return of normal markets, is still content to "sweeten" his holdings with a reasonable percentage of commitments among the senior obligations of sound corporations. In this field, the over-the-counter market affords a number of desirable opportunities among the preferred stocks, such as the following:

American District Telegraph 7% cumulative preferred is the senior obligation of a company whose earnings have shown a consistent upward trend over a long period of years. Preferred dividends were earned 2.7 times in 1927, a substantial margin in view of the marked stability of the signal and protective alarm business in which the company is engaged. The shares are currently selling slightly above their redemption price of $110, but if purchased under that figure, a yield of 6.3% may be obtained. An attractive conversion privilege attaches to the preferred stock since it may be exchanged share for share for the common stock, currently quoted around 107. The growth in earnings and equities behind the junior shares suggest that this conversion feature may ultimately become valuable.

Notwithstanding Congoleum-Nairn's mediocre earnings during recent years, this company's 7% cumulative preferred stock occupies a strong investment position, owing to the small amount outstanding and its high equity value. At the close of 1928, for example, Congoleum's working capital was equivalent to more than 10 times the entire amount of outstanding preferred stock. Dividends have been earned more than ten times over in the last two years. There is a possibility that the preferred may be redeemed, so that purchases should not be made above the call price of 107.

Continental Gas & Electric 7% cumulative preferred at 105 affords a yield of 6.67%, a very fair return for a security of this character. Through its subsidiaries, the company supplies electric light and power to 192 communities in four middle western states and in Canada. Gross and net earnings have shown consistent expansion, net income available for preferred dividends being equivalent to $18.57 a share for the year ended June 30, 1927, and $22.39 in the same twelve months ending June, 1928. The shares are currently selling well below their call price of $110.

Remington Arms first 7% cumulative preferred, available around $100 a share and offering a yield of 7% net at that price, combines the advantages of a liberal yield with reasonable prospects of price enhancement. Within recent years, the company has been gradually building up its financial position and diversifying activities with encouraging results.

Other attractive preferred stocks in the list of issues quoted above will be analyzed in subsequent reviews of this department.

INSURANCE DEPARTMENT

(Continued from page 759)

adapt payments to meet special emergencies, or particular conditions provided for in the trust fund, as, for instance, the retention of funds in case of a daughter or son marrying under certain specified conditions, etc., etc.

Investment powers of life insurance companies are definitely laid down by law, and only certain types of high-grade securities are permitted them under such rulings. With funds left for administration by a trust company, the trustee (failing explicit directions from the insured) has a varying power in different states within certain legal limits.

Transferring Title

Placing a life insurance policy under a deed of trust ordinarily transfers to the trustee title to the policy, subject only to those rights which the insured reserves to himself in that deed. In order that he may be thoroughly familiar with and understand the privileges he wishes to reserve to himself, it is preferable that the policyholder placing his policies in a Life Insurance Trust furnish to the insurance company a copy of the Deed of Trust he contemplates entering into with the trust company, so that it may be determined whether the necessary powers in the insured have been reserved, to the end that he may thereafter control the policy in such way as he may desire. Many technical difficulties may be avoided in this way, while the powers reserved to the insured will thus harmonize with his rights under his policy.

Payments as Income

The growing practice of payment of life insurance proceeds as income, either through selection of one of the Settlement Options offered in the policy, or through the administration of the life insurance estate through a trust company, is undoubtedly for the benefit of the community. It is a sad, often tragic, truth that the estate built up by thrift and self-denial through the payment of life insurance premiums, is frequently squandered or lost through the beneficiaries' lack of investment knowledge.

In many cases the claims by death under life insurance policies only yield sufficient proceeds to meet the sickness, funeral and debts of the breadwinner, leaving nothing for family maintenance thereafter. In arranging his life insurance estate with a view to its payment *as income* the breadwinner will more readily visualize the proper amount of coverage he should provide for his dependents. Moreover, payment *as income* conserves the estate and provides maintenance for years, sometimes for life, for the benefit of the insured's beneficiaries.

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HIGH RATE OF ACTIVITY IN AUTOMOBILE INDUSTRY

(Continued from page 748)

a car, this may mean a lower profit margin for the industry as a whole, if price reducing becomes general in the industry. As in previous years, however, some manufacturers will do exceptionally well despite the intense competitive conditions, while others will lose out. The trend to fewer companies in the industry continues, some dropping out entirely, and mergers absorbing many others.

Big Year Ahead for Accessory and Tire Companies

THE LARGE increase in motor vehicle production which is planned for the first half of 1929 is reacting favorably on the operations of the motor accessories companies and on the tire manufacturing companies. The automobile parts and accessories trade was one of the most prosperous branches of American industry last year, and promises to continue its excellent showing during the first half of 1929 at least. The tire companies, after a disastrous initial first half in 1928, attributable chiefly to an enormous inventory write-down incident to a perpendicular drop in the price of crude rubber, experienced a sharp recovery in earning power in the second half of the year with more stabilized conditions in the industry.

Several factors favor a larger volume of business in the automobile and accessories trade for the first half of the current year over any corresponding previous period. New car production as indicated from current production schedules will reach a very high total. Ford, whose production will be an important part of the total output, is now following the policy of placing substantial contracts for parts with outside suppliers, a factor which alone should swell business for the parts makers tremendously. As the other automobile manufacturers are also planning to increase output, a larger demand is to be expected from this source likewise. Another large source of demand is from the cars already in use, and there are several million more registered in the United States now than in 1928. Finally, the automotive equipment trade is now in a position to derive important benefits from the further enormous development which commercial aviation is likely to experience in the early future.

Last year there was a pronounced trend toward consolidation among the automobile parts and accessories companies, and this year will undoubtedly witness further progress in this direction. In this manner, production economies can be effected and overhead can be kept down to the minimum. As a result of these savings, and the large prospective volume of business, a prosperous first half year at least should be experienced by these companies.

The rubber manufacturing industry at last appears to have attained a basis of stability and fundamental conditions are more healthy now than in a considerable period. The most disturbing factor in recent years has been the inventory losses incident to the sharp declines in the price of crude rubber, and in the first half of last year this was particularly true. With the lifting of the Stevenson Restriction plan for the control of the output of rubber, this commodity can now find its true economic level assuring a much greater degree of stability. One of the most noteworthy features of the tire industry is the steady increase in demand for its products and this year the increase is estimated at about 15 percent over last year. Despite this, competition in the industry is very keen as is evidenced by the recent cut in tire prices amounting to from 2½ to 10%.

In the second half of 1928, the tire companies as a group showed a striking recovery in earning power, and as conditions are now fundamentally the same, it appears as if the present year should see continuation of this improvement. Prospects for dividends, therefore, are bright.

Like practically all other branches of the automotive industry, the tire manufacturing trade has in recent years been passing into fewer but stronger hands. Over the last six or seven years, most of the weakly situated concerns have been forced out of business and of the 233 active tire producers at the end of 1922, there are now only about 80. Most of the business, however, is controlled by a few of the larger concerns, and rumors of mergers among these is current.

MANY UNCERTAINTIES IN THE SUGAR SITUATION

(Continued from page 752)

lower costs and a tariff preference of 1.76 cents per pound over Cuban sugar. Domestic beet companies, on the whole, showed improvement attained through increased production and distribution.

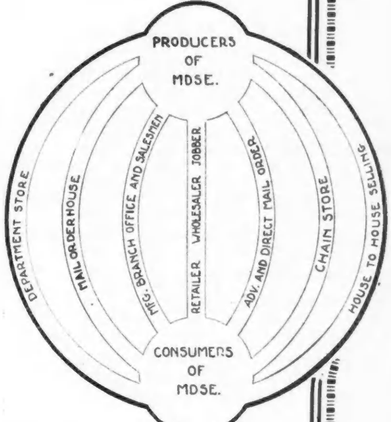
Refiners showed distinct improvement over 1927. The volume of business of the cane refiners was smaller but as the spread between the price of raw sugar and refined was greater 1.32 cents per pound compared with 1.097 cents in 1927, satisfactory profits as a rule were assured.

In view of the large potential production of sugar this year, the prospect of a large price advance is small but increase in world consumption may be sufficient to offset the increase in production. The Cuban companies, of course, will continue to labor under extremely unfavorable market conditions but relieved from restrictions their operating costs will undoubtedly be considerably lower, and as a result some companies may show improved earnings. The Porto Rican producers, despite some damage sustained in the latter part of last year through the hurricane, have a distinctly favorable outlook. Even under present conditions and tariff rate, they can show good earnings, and an increase in the tariff would certainly reflect to their benefit as it is probable that no regulations will be made adverse to the Porto Rican producers.

For Feature Article to Appear in Next Issue

See Page 721

What Outlook, Now, For Chain Store Stocks?



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Which, however, will expand further and are a purchase now?

Buy? Hold? Sell? Exchange?

S. S. Kresge?	***Gimbel Bros.?***	***Woolworth?***
Schulte Retail?	***Drug, Inc.?***	***R. H. Macy?***
Asso. Dry Goods?	***United Cigar Stores?***	***American Stores?***
First Natl. Stores?	***S. H. Kress?***	***Kroger Grocery?***

¶ All these chain store stocks, and several others, are analyzed in our special chain store report, prepared for Clients of this Service. We ourselves have none of these stocks to sell in any way but are security market analysts, with an exceptionally good record for being *right*.

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ABITIBI POWER & PAPER

(Continued from page 741)

dividual properties have been maintained to the highest degree of efficiency, and are equipped with the latest type machinery with consequent cost economies in production. Two of the units of the Abitibi group are not excelled by any competitor in cost of production and general economy of operation, and by concentrating production on these two units, Abitibi has a tremendous advantage over its competitors.

The favorable position that the Abitibi Power & Paper Company, Ltd., occupies in the industry will unquestionably insure substantial earnings even under intense competitive conditions such as prevail at present. A rough estimate may be arrived at by assuming that the output will be 80% of capacity, or about 520,000 tons and multiplying this by the profit margin per ton of $15, gives total net income of $7,800,000 before depreciation and depletion. Allowing $5 per ton for depreciation and depletion net earnings after these charges will be approximately $6,200,000. Direct comparison with previous years cannot be made as the present Abitibi Power & Paper Company, Ltd., represents a consolidation last year of several formerly independent properties, but the record of the three chief constituent companies representing about 70% of the total capacity has been of steady and substantial earnings. In 1927, net earnings before depreciation and depletion were $8,930,327 and after these charges $7,372,853.

The Abitibi Power & Paper Company, Ltd., has outstanding $50,000,000 First Mortgage Gold Bonds, Series A, 5%, due June 1, 1953. This issue calls for total annual interest payments of $2,500,000, and according to the above estimate will be earned about 2½ times under present conditions after all charges including depreciation and depletion, and about 3½ times before these deductions. Figuring from another angle, the price of newsprint can drop to a level as low as $45 a ton and interest requirements can still be earned slightly over once before depreciation and depletion charges, but as mentioned before, this extremely low price would ruin practically all the other concerns in the industry, and therefore is hardly conceivable as a probability.

The bond itself is a well secured obligation of the company, being a direct first mortgage on all the fixed property of the three principal operating units, including real estate, buildings, machinery and plants, and other fixed assets, subject only to some small purchase money mortgages, and in addition secured by assignment to the trustees of all timber licenses, timber leases, water power rights and water power concessions now owned or hereafter acquired by these units, and finally the bond issue is a first collateral lien on the three remaining operating units through pledge of the entire issues of first mortgage bonds thereon.

The buildings, plant, machinery and equipment had a valuation as of December 31, 1927, of $101,488,651 against which there was carried a depreciation reserve of $22,264,519 leaving net valuation of the operating plants of $79,224,133. Lands, timber limits, undeveloped water powers, etc., were valued at $51,603,566. The two together equal $130,827,699 which is largely in excess of the $50,000,000 issue of first mortgage bonds outstanding. The equity junior to the mortgage bonds is represented by over $35,000,000 par amount of preferred stock having a market value of about $29,000,000, and by 1,004,199 shares of no par common stock with present market valuation of about $50,000,000, or a total market equity junior to the bonds of $79,000,000.

The Abitibi Power & Paper Company, Ltd., First Mortgage 5s, due 1953, are listed on the New York Curb Market, currently selling for about 86 at which price they yield over 6.10% to maturity, and with a current yield of over 5.80%. The enviable position that the company occupies in the industry and the security in back of the bond indicate the inherent strength of the issue and commend it as a reasonably safe bond investment which should recover as the industry regains a more stable basis.

BANGOR & AROOSTOOK

(Continued from page 744)

sheets indicates an increase in road and equipment from 30.79 to 32.98 million dollars during the fiscal periods ending December 31, 1922, to December 31, 1927. The increase of 2.19 millions probably represents the only additions and betterments capitalized. Careful examination of the company's annual reports would seem to support the theory that considerable improvements to the property of a capital nature may have been charged against operating expenses.

At Oakfield, Maine, a divisional point, the yard facilities were enlarged. Heavier rails are now being laid and at the end of 1923, 40% of the entire line was reballasted. Since then, 185 miles of road were ballasted with over 400,000 cubic feet of gravel. Although the number of locomotives decreased slightly, their average tractive power increased from 24,600 to 30,000 lbs., a gain of 21.9%. To permit the movement of heavier train loads and motive power, many bridges were strengthened.

Financially, the company was in a very strong position. As of December 31, 1927, current assets were $2,511,665 and current liabilities $853,-

New Issue February 15, 1929

$15,000,000

Berlin City Electric Company

INCORPORATED

(Berliner Staedtische Elektrizitaetswerke Akt.-Ges.)

Thirty Year 6½% Sinking Fund Debentures

To be dated February 1, 1929 To mature February 1, 1959

Authorized and presently to be issued $15,000,000. Coupon debentures in denomination of $1,000, registerable as to principal only. Interest payable February 1 and August 1. Principal and interest payable in United States gold coin at the principal office of Dillon, Read & Co., New York, without deduction for any taxes, present or future, levied by German governmental authorities. Holders may, at their option, collect principal and interest in London at the office of Guinness, Mahon & Co., in pounds sterling; in Amsterdam at the office of Mendelssohn & Co. Amsterdam, in guilders; in Zurich and Basle at the offices of Crédit Suisse and Société de Banque Suisse, in Swiss francs; or in Stockholm at the office of Skandinaviska Kreditaktiebolaget, in Swedish kronor; in each case at the buying rate for sight exchange on New York on the date of presentation for collection. In addition to being redeemable for the sinking fund at 100% and interest, debentures are to be redeemable as a whole, or in part by lot, on thirty days' notice, on any interest date, at the following prices and interest: to and including February 1, 1934, at 102½%; thereafter to and including February 1, 1939, at 101%; and thereafter at 100%. Central Union Trust Company of New York, American Trustee. Deutsche Kreditsicherung A. G., Berlin, German Trustee

The city of Berlin owns all of the company's capital stock and has entered into an agreement with the company, extending beyond the maturity of these debentures, empowering the company to fix rates for the sale of electricity adequate to cover all operating expenses, interest and amortization of loans, depreciation and other proper reserves, and providing that, upon termination thereof, the city shall assume all obligations of the company, including interest and amortization of loans.

The indenture is to provide for a sinking fund, calculated on an accumulative basis, sufficient to retire the entire issue by maturity, to operate by semi-annual call by lot (first redemption August 1, 1929) at 100% and interest.

These debentures are listed on the Boston Stock Exchange and the company has agreed to make application in due course to list them on the New York Stock Exchange.

The following information has been summarized by Dr. Lange, Treasurer of the city of Berlin, and Dr. Kauffmann and Dr. Adolph, Managing Directors of Berlin City Electric Company, Incorporated, from their letter dated February 14, 1929, copies of which may be obtained upon request, and is subject to the more complete information contained therein:

BUSINESS

Berlin City Electric Company, Incorporated was organized by the city of Berlin in 1923 to operate, under lease from the city, the electric works which since 1915 had been operated directly by the city. The company sells about 90% of the electric current supplied in Berlin, which, with a population of more than 4,000,000, is the third city in size in the world. Customers, numbering approximately 700,000, include the surface and underground railway systems of Berlin and German National Railways, as well as purchasers of current for domestic and industrial purposes. A large majority of the industrial concerns in Berlin are customers of the company, including the Siemens concern and Allgemeine Elektricitaets Gesellschaft (General Electric Company, Germany). In 1928 the company produced more than 68% of the current sold by it.

PURPOSE OF ISSUE

The proceeds of the sale of these debentures are to be used to liquidate all current borrowings of the company except approximately $3,900,000 due during 1929, to make extensions to the leased properties and for other corporate purposes.

CAPITALIZATION

Upon issuance of these debentures, the company's funded and other long-term debt and capital stock will be as follows:

Thirty Year 6½% Sinking Fund Debentures, due 1959 (this issue)	$15,000,000
Twenty-Five Year 6½% Sinking Fund Debentures, due 1951	20,000,000
7% Swiss Franc Loan, due 1940	5,731,521
8% Goldmark credit, due serially 1932 to 1935	5,997,600
Capital Stock (15,000,000 Reichsmarks par value)	3,570,000

In addition, in consideration of the application to the extension of the leased properties of the proceeds of approximately 72% of the 6½% External Loan of 1925 of the city of Berlin ($13,909,000 now outstanding) and of approximately 39% of the 6% External Loan of 1928 of the city of Berlin ($14,908,000 now outstanding), the company has obligated itself to pay to the city of Berlin interest and amortization upon such proportions, respectively, of these loans.

EARNINGS

Net earnings of the company after rentals, taxes not based on profits, depreciation and payments under the Dawes Plan, but before deducting interest and appropriations junior thereto, for the four-year period ended December 31, 1928 (December 1928 estimated), have been as follows:

Year	Net earnings as above
1925	$6,379,599
1926	6,563,383
1927	7,492,081
1928 (December estimated)	8,266,565

The maximum annual interest requirement of the company as of January 31, 1929, but adjusted to give effect to this financing, including $264,834 of interest on current borrowings but excluding interest payments ranking junior to interest on these debentures, was $3,772,934. This interest requirement includes interest on more than $24,000,000 of indebtedness from the proceeds of which no substantial benefits are reflected in the above earnings.

Conversions of German and Swiss currencies into United States currency have been made at par of exchange (one Reichsmark equals 23.8 cents; one Swiss franc equals 19.3 cents).

A substantial amount of these debentures has been withdrawn for offering in Europe, including offerings in Holland by Mendelssohn & Co. Amsterdam, Nederlandsche Handel-Maatschappij and others.

Information herein contained has been received in part by cable.

We offer these debentures for delivery if, when and as issued and accepted by us, subject to approval of legal proceedings by counsel. It is expected that delivery will be made on or about February 28, 1929, in the form of temporary debentures, or interim receipts of Dillon, Read & Co.

Price 93½ and interest. Yield to maturity 7.02%
(Average yield, based upon retirement through sinking fund, 7.16%)

Dillon, Read & Co.

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RADIO IN EVERY ROOM

410. Included in the current assets were cash amounting to $706,496 and $374,809 in special deposits. Capitalization consists of $20,266,000 bonds, $3,480,000 7% preferred stock and $5,-328,000 of common stock. The junior equity is of $50.00 par value. Dividends at varying rates have been paid on the common stock without interruption since 1904. The present dividend is $3.50 per share annually. Although funded debt comprised 69.5% of the total capitalization, it was outstanding at the rate of $31,200 per mile of road, a fairly conservative figure. The annual rate of interest thereon was 4.90%.

Gross revenues for the eleven months' period ending November 30, 1928, were $11,607,502 as compared with $6,761,-470 in the corresponding period of 1927. Low prices for potatoes as a result of a large crop with the resultant smaller shipments explains the decrease in gross. The retirement of approximately 250 freight cars involving a charge of approximately $60,000 against operating expenses, which is equivalent to almost $1.00 per share, explains the reduction in net railway operating income. Nevertheless, earnings for the period were $6.90 per share on the outstanding common stock. This compares with $8.25 for the corresponding period of 1927, when the company reported the best year in its history. The outlook for the current year is satisfactory and further development of its traffic is anticipated. The Great Northern Paper Company has increased its production substantially, and is now shipping a larger proportion of its pulpwood by rail instead of by water. Another factor that should facilitate the growth of traffic is the increased production of the Fraser Co., Ltd., mills at Madawaska, Maine.

For years this company has had a very large pulp mill at Edmundston, New Brunswick, on the Canadian side of the St. John River. In 1925, it built a large bond paper mill at Madawaska, opposite Edmundston, and laid pipes across the highway bridge connecting the two places. The liquid pulp (on which there is no duty), is pumped across the Edmundston to Madawaska. This method proved so successful, that the company completed another mill of the same size in 1927, which is now in operation and a third mill should be completed shortly. In consequence thereof, the volume of paper traffic should increase and there should also materialize, a large inbound movement of coal and other freight. This business is highly desirable as it is of long haul character.

The common shares of Bangor & Aroostook reflect an average earning power in excess of $9.00 per share in the past five years. At current levels of $65.00 per share approximately, and with earnings of $7.00 for 1928, the stock is selling at an attractive level in comparison with other rail issues. *In view of the satisfactory outlook for further development of its traffic and the sound position of the carrier, it appears that these shares do not reflect the underlying strength of the situation.*

INCOME TAX DEPARTMENT

(*Continued from page* 782)

ternal Revenue. You cannot deduct the $500 paid for the support of your father. If, however, you are his chief source of support, you are permitted an additional $400 exemption on that account. Contributions to the Church are deductible up to 15% of your net income.

Renting of Residence

Q. I own a large house and live in it. In order to increase my income I rented it for the summer season for $1,600. In order to get this high price I had to buy extra furnishings which cost $200. I rented a smaller house for my family and this cost $800. My net gain was $600 actually. For income tax purposes should I pay tax on increased income of $1,600, $800 or $600, as a result of this venture?— G. B. G.

A. Assuming that the furnishings are in the nature of incidentals and not any permanent addition to the value of your house, you are required to report an income of $1,400. The amount you paid for your own rent cannot be offset against the income collected by you in renting other property. You can deduct taxes, and interest for the full year and depreciation for the summer months.

Stock Losses

Q. I do not trade in securities, that is, I do not buy and sell securities on margin. However, during the year I disposed of some of my securities at a loss. Please inform me if I am permitted to deduct thost losses in filing my Federal income tax return.—S. K.

A. You are permitted to deduct your stock losses. It is not necessary that you be a trader in securities. Losses arising from transactions entered into for profit are deductible though not connected with a person's regular business.

Sole Owner of Corporation

Q. I exchanged land for a building. I then transferred the building to a corporation, of which I am the sole owner. The building is operating at a loss. Can I deduct the loss in my personal return?—E. A. K.

A. You cannot take the corporate loss in your return. The corporation's net loss, however, can be applied against any profits the corporation may make in the next two years.

Making Money in This Market

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(c) analyze your present and contemplated holdings at any time during the entire life of your subscription and tell you what to do with each security you own;
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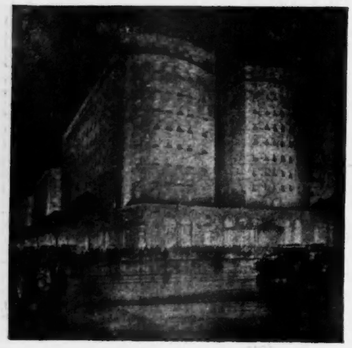

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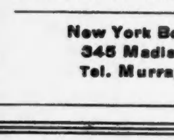

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141	3.50	5.00
309	4.00	6.00
149	5.00	7.50
87	6.00	8.00
72	6.00	9.00

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Luncheon	.85
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Sunday Dinner	1.50

Hotel La Salle

CHICAGO

Ernest J. Stevens, *President* — Earl L. Thornton, *Vice Pres. & Mgr.*

ANSWERS TO INQUIRIES

(Continued from page 764)

facture of a complete line of electrical products and, in its field, ranks second only to the General Electric Company. Recent years have witnessed the development of many new electrical devices ranging from high powered oil electric locomotives to miscellaneous radio equipment and including numerous household conveniences, talking motion pictures, etc. It is therefore, not surprising that sales of Westinghouse have experienced steady expansion. During this period, however, the company has been engaged in a program of expansion in plant capacity, requiring increases in capitalization from time to time and the expenditure of substantial sums from earnings, with the result that per share earnings have not been particularly impressive. It is apparent, however, that important operating economies have resulted from the foresighted policies of the management and the company's report covering operations for the 8 months to November 30th, 1928, affords ample evidence in that connection On sales totalling slightly less than \$125 millions, a manufacturing profit of 10.9% was shown, as compared with 8% in the fiscal year ended March 31, 1928, and 8.5% in the 1927 fiscal period. In the first 8 months of the past year, per share earnings were equal to \$6.45 per share on 2,370,063 shares of combined preferred and common stock. On this basis, earnings for the fiscal year ended March 31, 1929, should closely approximate \$9 per share. Financial position of the company has undergone considerable improvement in the past year and at last reports working capital exceeded \$115 millions as compared with \$106,900,000 at the close of the 1928 fiscal period. All of the company's funded debt has been called for redemption on March 1st, which will result in a saving of more than \$300,000 annually. Existing quotations for the shares, although seemingly high enough on the basis of current earnings do not appear excessive in the light of the company's excellent future prospects and we advise continued retention.

MACK TRUCKS

How do you rate Mack Trucks common at present? I have 25 shares which cost me 129 in 1926. Is it probable that I may have an opportunity of at least getting out even by the middle of this year? I have recently read some very bullish statements about this stock.—C. F. D. Biddeford, Maine.

Mack Trucks ranks as one of the largest domestic producers of high quality heavy-duty trucks, and is an important manufacturer of motor buses and coaches, fire-fighting apparatus, and gas electric buses, earnings of which have been adversely affected in recent years by exceedingly keen competition, together with the trend toward lighter duty trucks and more stringent credit terms to customers. Earnings declined from \$13.62 a common share in 1925 to \$10.81 a share in 1926 and \$6.60 in 1927, based on the number of shares outstanding at the end of the respective years. Due to the retirement, late in 1927, of outstanding first and second preferred stocks, coupled with more efficient distribution methods, net in the first nine months of 1928, while lower than in the same period of 1927, equalled \$6.05 a share against \$5.96 a share in the previous year, with estimates of around \$8 a share for the full 1928 year. However, with heavy orders anticipated from contractors engaged in Mississippi flood control and Boulder Dam construction activities, it is confidently expected, in official circles, that 1929 will be one of the best years in the company's history. Shareholders seem warranted in assuming an optimistic attitude toward the future and we believe retention of present holdings justified.

DEVOE & RAYNOLDS

With reported earnings of about \$6 for its last fiscal year, the common stock of Devoe & Raynolds seems greatly undervalued at the current price of 58. Can you tell me what is retarding a substantial upward move in the market value of this stock? Would you recommend buying 50 shares for a pull of about six months?—D. H. L., White Plains, N. Y.

Rated as one of the largest producers and distributors of lacquers, paints and painters' supplies in the country, Devoe & Raynolds acquired last year, Peaslee, Gaulbert of Kentucky, leading southern manufacturers of paints and varnishes, has built and completely equipped a modern varnish plant adjoining its Chicago paint plant, in addition to more than doubling the capacity of its brush plant at Brooklyn, all of which has served to materially broaden its scope of activities. Continuing its steady expansion in earnings in recent years profits in the fiscal year ended November 30, 1928 equalled \$5.95 a share on the combined class A and class B shares, against \$5.48 a share in the preceding year on a smaller capitalization. To finance recent expansion 15,000 shares of class A stock were sold to employes at \$48 a share, and bank loans have been temporarily increased to \$2,205,000 at the end of the last fiscal year against only \$145,350 the year before, and net working capital fell off approximately \$600,000 to about \$5,550,000. However, financial position remains comfortable, although pending tangible reflection in net income of recent expansion directors have elected to reduce extra quarterly dividends to 15 cents a share against 20 cents a share previously, so that in addition to the regular 60 cents quarterly disbursement the stock is now virtually on a \$3 a share annual basis. Nevertheless, a fair income return is afforded at existing quotations, and on the basis of current earnings the shares seem somewhat out of line with issues of no greater merit.

WILLYS-OVERLAND

I am holding 100 shares of Willys-Overland for which I paid 22. Of course, I have been very gratified by the results, but have recently heard conflicting reports about the automobile industry and feel rather concerned as to what may be expected of Willys-Overland this year. Do you think the Ford will be able to regain its former position at the expense of such competitors as Willys-Overland?—F. A. O., Gloversville, N. Y.

Willys-Overland ranks as one of the principal producers of low priced four cylinder passenger automobiles and also is an important manufacturer of moderate priced lines. Reflecting the introduction of new models, together with the failure of Ford to achieve anticipated production volume, both sales and profits underwent encouraging expansion last year, earnings in the first nine months showing a balance equal to \$2.64 a common share against \$2.16 a share in the same period of 1927, with estimates of between \$3.25 and \$3.50 a share in the full 1928 year. However, prospects are for increasingly keen competition in the industry as a whole this year, particularly in the price groups covered by Willys, and with Ford gradually attaining volume production, the company is likely to find it difficult to maintain its recent satisfactory showing indefinitely. While current financial position is strong, the company's long term outlook seems somewhat clouded, and the common stock is lacking in definite attraction at this writing.

GREENE CANANEA COPPER

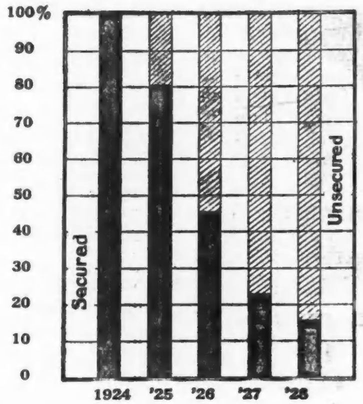
Will you please give me some definite information as to the possibilities for further increase in the market value of Greene Cananea common? It seems difficult to get any data about this so-called "mystery" stock.. I bought 20 shares at 181 on advice that Greene Cananea stockholders were soon to receive a very attractive offer from Anaconda.—W. J. W., Colorado Springs, Colo.

Nineteen hundred and twenty-nine should witness the complete transition of the Greene Cananea Copper Company from a high to a low cost producer. The development of the company's new LaColorada ore body is reported to have been very gratifying to officials and it is estimated that this body shows a vein of 100 million tons of ore with a copper content of about 8% which can be produced at a cost of approximately 6 cents per pound. The company's reports covering operations in the past year will not fully reflect the importance of this new discovery and earnings may not exceed \$5 a share on 500,000 shares of capital stock outstanding. Prospects for the current year are exceptionally promising, however, and the action of the Board of Directors in increasing the dividend to \$6 per share does not appear to have been premature. Assuming that average monthly production, including about 1,250,000 pounds from old mines, ranges from 5½ million to 6 million pounds, and barring any drastic decline in copper metal prices, earnings in 1929 should easily exceed \$10 per share. It is not improbable, however, that the final showing will find this estimate to have been a very conservative one. On their merits

(*Please turn to page* 796)

Associated System

Founded in 1852



Secured indebtedness has been reduced to less than 17%. Many properties are completely free of debt.

Financing Without A Mortgage

Instead of meeting capital requirements by mortgaging individual properties, the Associated Gas and Electric Company itself is furnishing practically all the capital needed. This has resulted in:

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MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, January 31	90.09	317.51	158.54	248.88	244.97	4,679,750
Friday, February 1	89.99	319.68	161.18	251.54	247.27	4,970,700
Saturday, February 2	89.99	319.76	161.32	251.36	248.92	2,333,400
Monday, February 4	89.91	319.05	160.52	251.02	247.50	4,051,400
Tuesday, February 5	89.78	322.06	159.71	249.05	245.74	4,067,900
Wednesday, February 6	89.75	317.18	153.18	248.13	242.74	4,630,500
Thursday, February 7	89.64	305.75	154.79	242.29	236.11	5,211,900
Friday, February 8	89.64	301.53	154.23	240.25	235.29	4,553,250
Saturday, February 9			EXCHANGE CLOSED			
Monday, February 11	89.54	310.35	156.00	241.46	235.93	3,889,100
Tuesday, February 12		HOLIDAY		HOLIDAY		
Wednesday, February 13	89.39	308.07	155.50	243.96	239.80	4,528,210

Financial Personalities

DR. DAVID FRIDAY, noted economist, believes that current bank mergers are being brought about by irresistible economic needs. "A bank," he stated recently, "must now be in a position to handle loans running into figures which a few years ago would have been considered the private preserve of astronomers. Only a combination of resources with other banking units make the handling of these loans possible."

GEORGE W. MASON has been re-elected chairman of the board of directors of Kelvinator Corporation. He will also fill the office of president which was vacated by C. K. Woodbridge's refusal to accept re-election.

ON June 25, 1869, when the country was recovering from the effects of the Civil War, M. C. Bouvier purchased a seat on the New York Stock Exchange and organized the firm of M. C. Bouvier & Company. Today Mr. Bouvier may be found at his desk directing his business with the same enthusiasm that has kept him on the "Street" for sixty years.

CHARLES EDISON, president of Thomas A. Edison, Inc. and son of the famous inventor, has been elected president of the Splitdorf-Bethlehem Electrical Company. With only a few exceptions, the Splitdorf board is now composed of men associated with the Edison Company.

A. I. PHILP, prominently associated with the automobile industry for many years, has been elected chairman of the board of directors of Durant Motors, Inc.

ARTHUR P. RUSSELL, who last April celebrated his fortieth anniversary with the New Haven system, has been elected executive vice president of the road.

PIERRE DU PONT, who has been on an indefinite leave of absence since last summer, has resigned as chairman of the board of General Motors Corporation. His brother, Lammot du Pont, president of E. I. du Pont de Nemours & Company, succeeds him in that office.

WILLIS H. BOOTH, vice-president of the Guaranty Trust Company of New York, has been elected a director of the Guaranty Company.

HARRY E. HENNEMAN, Howard C. Shepard and James B. Pike have been elected vice-presidents of the National City Bank.

(Continued from page 795)

alone, the shares seem to have interesting possibilities as a speculative medium of the more radical type and while there has been no official indication that Anaconda will make an offer similar to the one recently extended to shareholders of Chile Copper, Anaconda is understood to own a substantial block of Greene Cananea stock and developments along that line are not without the realm of possibilities.

CHILDS

What is the nearby outlook for Childs Company considering the dissension between the management and some of the chief stockholders? I would greatly appreciate your writing me fully. My holdings consist of 50 shares purchased in 1927 at 59 and I wish you would recommend what action to take.—V. T. B., Tampa, Florida.

Childs Company, as you undoubtedly know, engages in the operation of a chain of restaurants located throughout the country, a large portion of which is centered in New York City. Formerly, business was conducted in a very flourishing manner but in recent years both gross and net earnings have shown a steady decline, culminating recently in an open controversy between the founder of the company and his associates, and a group of banking houses holding a substantial block of the company's shares. We are not in a position to comment on the ultimate outcome of this phase of the situation and we prefer to withhold any expression of the company's future prospects until a more definite idea can be gained of the change in policies which may be expected to occur. Net profit reported for 1928 amounted to $1,002,425 which was equal, after preferred dividend requirements, to $1.80 a share earned on 362,046 shares of common stock. Inasmuch, however, as these earnings include a profit of $1,060,000 from the sale of certain of the company's real estate holdings, actual operations of the company resulted in a net loss of about $58,000. This compares with $2.21 per share earned on the stock in 1927 excluding profits from real estate operations in that year. Gross volume of business last year was $2,045,860 less than in the previous year. The situation is not such as to inspire any great amount of enthusiasm, but it is possible that the present controversy will mark a turn for the better and for the present we counsel retention of holdings, with a view to developments.

REO MOTOR CAR

I have noted your remarks about the automobile industry, but the only automobile stock that I own is that of Reo Motor Car, of which I have 75 shares. Reo has always been able to meet competition, but I cannot seem to decide whether or not I should continue holding.—H. L. P., Port Washington, L. I., N. Y.

Reo Motor Car ranks as one of the oldest and most soundly developed automotive manufacturers and has financed practically its entire growth from current earnings. Its lines include both passenger cars and trucks, which fact has served to lend a marked degree of stability to earnings over a long period of years, under all conditions in the industry as a whole. Profits in the first nine months of 1928 equalled $2.28 a share against $2.36 in the full 1927 year and $1.51 in 1926, with about $2.75 estimated for the twelve months ended December 31, 1928. Financial position is strong, shareholders have received liberal treatment in the past, dividends having been paid without interruption since 1905. However, while the recent introduction of new models, which are understood to have been favorably received, as well as increasing demand for the company's light truck, the "Speedwagon," will doubtless serve to maintain earnings this year, exceedingly keen competitive conditions in prospect, resulting in some narrowing of profit margins, conceivably will present a bar to material expansion in net income. Although we are optimistic regarding the long term future of the enterprise, on the basis of developed earning power to date and visible prospects the shares seem to be selling about in line with their actual value.

GENERAL RAILWAY SIGNAL

At 101 the common stock of General Railway Signal seems to be high based on the earning of only $5.25 a share for 1928. Would you advise holding 100 shares bought at 91? I understand that, in accordance with a governmental ruling, railroads are supposed to use certain products of the General Railway Signal Co. Is this provision being enforced and is it likely to result in greatly increased earnings for this company during 1929?—E. C. L., Fresno, California.

Considering the continued sluggishness in the demand for railway equipment which prevailed during the past year, and in light of the fact that orders received in the first six months were less than in the corresponding period of 1927, the ability of General Railway Signal Company to report earnings sufficient to cover dividend payments should be very gratifying to shareholders. Income account was considerably augmented in the last quarter of the past year in which period, profits equalled $1.91 per share and the extent of the improvement which took place becomes more graphic when it is noted that only $1.84 per share was earned in the first six months. Moreover, with unfilled orders on the company's books at the beginning of the current year nearly 25% greater than at the beginning of 1928, earning power should be sustained in the first quarter in a wholly satisfactory manner. While the spasmodic nature of equipment buying makes it rather difficult to estimate the company's profits for the full year, the excellent earnings being shown by railroads generally throughout the country lends considerable weight to a hopeful attitude. Last year, the Interstate Commerce Commission decided to order no further additional installations of automatic train control and signal equipment, but many railroads have purchased substantial quantities of such equipment voluntarily and will in all probability continue doing so,

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barring any unforeseen decline of substantial proportions in traffic and earnings. The shares of the company in question yield a fair income return and, on the whole, prospects seem sufficiently favorable to preclude the necessity of any change on the part of present shareholders. The situation, however, is such as to suggest the advisability of keeping in touch with developments.

CHICAGO GRAIN TRADERS TURN TO SECURITIES

(*Continued from page* 727)

floor spaces will be needed for the enlarged market and greater volume of trade.

Besides abundant room allotted for trade in securities, the new building will house the cash grain and futures divisions and all other departments of the Board.

Although the Chicago exchange continues to be noted particularly for its broad futures markets, where grain purchases and sales to all parts of the world are hedged, the cash grain departments have held their enormous proportions.

Last year, the Board's statisticians estimate principal farm grains shipped to the exchange by Middle West farmers totaled 450 million dollars in value.

This volume of business can be better appreciated when it is learned that the place where securities are to be added in trade received almost one million bushels of cash grain in 1928 for each complete day the exchange functioned. This figure is the year's average in receipts.

The dispatch with which the huge total was moved by the Board's army of trained traders augurs well, it is pointed out, for the success of major financial sales and purchases when once the new securities division is in action.

The vast facilities of the exchange, with its largest group of trained speculative traders found anywhere, its immense private wire system forming a network across the country, and the enormous banking machinery available, makes certain a broad, liquid market in securities.

And it has been proved in the past that business goes to the market that maintains liquidity.

Along La Salle street it is freely predicted that Board of Trade memberships will sell for more than $100,000 before the end of the present year. Recent sales have been around $45,000.

For Feature Articles to Appear in the Next Issue
See Page 721

TRADERS

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Its timely practical appeal, and simple presentation, make this a book that every businessman-investor and trader will appreciate and use—especially as it contains many of the principles upon which the experts of THE MAGAZINE OF WALL STREET base their judgment in the selection of securities for our readers.

CONTENTS

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BUS 2-23-29

CONCENTRATED INVESTMENT TRUST BUYING A STOCK MARKET TONIC

(*Continued from page* 729)

capable. Corporations are coming to realize the value of intelligent publicity. Business statistics have become more complete and more up-to-date.

Before the war the investment trust could not have operated in America as it is operating today. Even five years ago the difficulties would have been considerable. Realizing the possibilities which a new age has opened up, more and more people have been willing to entrust their funds to this new type of institution. The investment trust has "arrived"; and it is bound to be a more and more important factor in our stock and bond markets.

Summary

The investment trust has (1) attracted attention to and greatly reduced the floating supply of high grade stocks; (2) located and exploited attractive situations in obscure stocks; (3) made an important contribution to the financial literacy of the nation; (4) served to expand and stabilize the financial markets; and (5) has arrived at a point where it now controls some two billion dollars of investment assets.

At present investment trusts (1) are making a highly important contribution to the supply of funds in the call loan markets; (2) are liquid enough to control a buying power which might serve to stem the tide of any big selling movement; and (3) are constantly on the look-out for attractive situations in obscure stocks. It seems as though their buying bids fair to become almost as important as that of pools and syndicates in directing the trend of speculative favor toward individual issues. The Street is not yet fully aware of their present influence, and their influence seems almost certain to be greater before it is less.

FOUR YEARS OF BOND BUYING THAT PRODUCED $35,000 CAPITAL GAIN

(*Continued from page* 761)

common stocks, what I call the "equity" bond seems the best course.

For example, one of my present securities is Fox New England Theatres 6½% convertible debentures. These are convertible at 35 into Fox Theatres common, listed on the New York curb. This bond, now selling at 100, is listed on the Boston Stock Exchange and yields 6½%. My banker has lent me 75% of it, so that for two hundred and fifty dollars I can carry a thousand-dollar bond. Six per cent of seven hundred and fifty dollars, the banker's carrying charges, is forty-five dollars. This gives me an income of $20 on every two hundred and fifty dollars, a net yield of eight per cent. There is small chance of a drastic decline in the theatre industry, or in the Fox group; so that even if the bond price falls, I am still enjoying a good income. On the other hand, should Fox Theatres common, now selling around 28, rise in the next few years, I am well able to profit by converting my bond. Should it not rise, or even fall, I am still getting an 8% yield on my investment.

Many are buying this stock aroun 28 for a long pull speculation, and it is paying no dividends. The convertible bond offers a much better investment, for it is giving a good yield, besides being able to profit from an advance.

My thirty-five thousand dollars is at present invested in several issues, to give me diversification, on the same plan as I have outlined in connection with the Fox New England Theatres convertible debentures.

I might add that they are giving me an annual income of twenty-eight hundred dollars, plus my opportunity to participate in the future prosperity of the companies. I believe that an income of over fifty dollars a week well proves the wisdom of this financial program, considering that it represents an investment of only five hundred dollars four short years ago.

COOPERATION IN HOUSEHOLD MANAGEMENT BRINGS FINANCIAL SUCCESS

(*Continued from page* 757)

good, sound, marketable securities. At the present time, my income is in two parts, a straight yearly salary payable monthly and an interest in an engineering firm, the proceeds of which come from time to time as the money is collected. In computing our budget only the salary is considered and unless we have a prolonged illness or some other serious financial setback, no part of any income aside from salary is used to defray current expenses.

All profits from the firm, all dividends from securities and all savings are invested at once if the amount is large enough and if not the money is deposited in a savings account in a bank until enough has accumulated to buy some securities.

In the purchase of securities we use as much care in buying one share as though we were going to buy a block of a thousand. We carefully read the lists of attractive stocks appearing in THE MAGAZINE OF WALL STREET, which we have in our office, and having selected a stock or a bond we gain all the knowledge we can about the issuing company and its business. Having satisfied ourselves from a personal study we then consult a banker as to his opinion of it before we buy.

Our program is simple to work out as it is only necessary to use sinking fund tables to determine how much money must be laid aside and saved each month to produce a stated sum at the end of a given time. It is not, however, simple in operation, as this program is being carried out on an income of less than $4,500 a year which means that careful budgeting is necessary. Once a workable budget is made it must be adhered to. Expenses must be accounted for and by a method which is simple enough so the accounting will not become tedious and be neglected. And finally, though we are able to have good clothes, good food and a comfortable home, we do have to forego many luxuries. We feel, however, that the results are worth the effort.

I have used the word "we" throughout, not as a matter of courtesy but because my wife takes a very active part in planning and carrying out this program, for which I am very glad, because without her cooperation no program would be successful and in the event of my death she would be better fitted to manage her own affairs.

Important Corporation Meetings

Company	Specification	Date of Meeting
Independent Oil & Gas	Directors	2-23
Miller Rubber	Directors	2-23
Otis Steel	Directors	2-23
Atlantic Refining	Directors	2-25
Autosales Corp.	Directors	2-25
Coca Cola Co.	Annual & Directors	2-25
Commonwealth Edison	Annual	2-25
Consol. Gas of N. Y.	Annual	2-25
Gabriel Snubber Mfg	Annual	2-25
Gulf States Steel	Special	2-25
Indian Refining	Special	2-25
Sears, Roebuck & Co.	Annual & Directors	2-25
Texas & Pacific Ry	Directors	2-25
Union Oil of Calif	Directors	2-25
Allied Chem. & Dye Corp	Pfd. Dividend	2-26
Brockway Motor Truck Corp.	Exec. Com.	2-26
Brooklyn Edison Co.	Directors	2-26
Chile Copper	Directors	2-26
Colorado Fuel & Iron	Directors	2-26
Congoleum-Nairn, Inc.	Directors	2-26
Continental Can, Inc.	Annual	2-26
Continental Gas & Elec.	Pr. Pfd. & Com. Dividends	2-26
Continental Motors Corp	Directors	2-26
Federal Motor Truck	Directors	2-26
Gillette Safety Razor	Annual & Directors	2-26
Grand Union	Directors	2-26
Hershey Chocolate Corp	Directors	2-26
Illinois Central R. R.	Directors	2-26
Inter. Business Mach. Corp.	Com. Dividend	2-26
Moto-Meter Co., Inc.	Cl. A Dividend	2-26
National Gypsum	Annual & Pfd. Div'd	2-26
N. Y., N. H. & Hartford	Dividend	2-26
Norfolk & Western R. R.	Directors	2-26
Peoples Gas Light & Coke	Annual	2-26
Public Service Corp., N. J.	8%-7%-6% Cum. Pfd. & Com. Div'd	2-26
Pub. Ser. Gas & Elec., N. J.	Directors	2-26
Union Oil of California	Annual	2-26
U. S. Hoffman Mach. Corp	Annual	2-26
U. S. Steel Corp	Directors	2-26
Air Reduction Co., Inc	Directors	2-27
American Tobacco	Pfd. Dividend	2-27
Baltimore & Ohio R. R.	Directors	2-27
Cluett, Peabody & Co., Inc	Annual	2-27
Eaton Axle & Spring	Directors	2-27
Mathieson Alkali Works, Inc	Directors	2-27
New Jersey Zinc	Annual & Directors	2-27
New York Telephone	Pfd. Dividend	2-27
Radio Corp. of Amer	Special	2-27
Westinghouse Elec. & Mfg.	Pfd. & Com. Div'ds	2-27
Wright Aeronautical Corp	Directors	2-27
Baldwin Loco. Works	Directors	2-28
Barnsdall Corp.	Directors	2-28
Brooklyn Union Gas	Directors	2-28
Bush Terminal Co	Directors	2-28
Byers (A. M.) & Co	Directors	2-28
Central R. R. of N. J	Directors	2-28
General Ry. Signal	Directors	2-28
Hudson & Manhattan Ry	Directors	2-28
Reading Company	Directors	2-28
Underwood-Elliott-Fisher	Annual	2-28
Allis-Chalmers Mfg.	Directors	3-1
Radio Corp. of Amer	Directors	3-1

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the information available on the association under consideration is sufficiently complet to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

GUARANTEED 5yr Income

on full-paid 6½% Time Certificates.

Secured by select first mortgages on improved city real estate—and backed by Colorado's fastest growing, largest permanent capital Association. Issued any amount, $100 to $10,000. Quarterly or semi-annual interest coupons, payable Chemical National Bank, N. Y., or First National Bank, Denver.

"Silver State" investors live in every state and 11 foreign countries. Our permanent capital guarantees 6½% earnings on Time Certificates for entire 5-year period. Under state supervision.

Folder "C" tells the story.

SILVER STATE BUILDING AND LOAN ASSN.
1648 Welton St. Denver, Colo.

Members: Colorado Bankers Assn., Colorado State and U. S. Building and Loan Leagues.

7% Guaranteed INTEREST

Short-term Full-paid certificates maturing in five years. Secured by first mortgages on homes in and around Denver, plus a contingent reserve fund and rigid State Supervision.

Issued in units of $50 to $5000.

DIVIDENDS PAYABLE SEMI-ANNUALLY

Interest to $300 Exempt From Federal Income Tax

Write for Booklet MW
"THE OLD CONSERVATIVE"

THE BANKERS BLDG. & LOAN ASSOCIATION
1510 Glenarm St. Denver, Colo.

Member Colorado State League and United States League of Building & Loan Associations. The Colorado Bankers' Association.

Kentucky

Invest with Safety in our

7% Paid-Up Stock $102 Per Share

All funds secured by first mortgages on Louisville and Jefferson County real estate.

This Association has always paid withdrawals on demand.

This Association is under the supervision of the State Banking Commissioner.

Resources $6,000,000
Stockholders in thirty states.
Literature and financial statement on request.

GREATER LOUISVILLE SAVINGS & BUILDING ASSOCIATION
Incorporated
Greater Louisville Building, LOUISVILLE, KY.

Tune in on WHAS for Greater Louisville Hour every Saturday 10 P. M. Central Standard Time.

Florida

ONE OF
Florida's Safest Investments
Shares in the

Lakeland Building & Loan Association

Incorporated 1921

ASSETS

More than........$1,000,000.00

We have never failed to more than earn and pay our dividend which is payable quarterly January 1st, April 1st, July 1st and October 1st of each year. Your investment is secured by first mortgages on homes only. We have shareholders in nearly every state. Write for descriptive literature.

P. O. Drawer 629 M.-W.
LAKELAND FLORIDA

Booklet for Investors

OUR BOOKLET, "8% and Safety," tells the story of the Orange County Building and Loan Association, located in prosperous Orlando and Orange County, Florida. Assets have grown from $11,000 to $3,840,997.81 in six years. $641,633.78 has been paid in dividends to over 3,000 stockholders. Has always paid 8%, payable semi-annually. Shares offered at par, $100, without bonus or commission of any kind. Write for booklet.

Orange County Building & Loan Assn. Orlando, Florida

Alabama

8% on Monthly Savings
7% on Fully Paid Certificates

in amounts from $50.00 to $5,000.00 withdrawable on thirty days' notice. Secured by First Mortgages on Homes not to exceed 60% of valuation.

ALABAMA MUTUAL BLDG. & LOAN ASSOCIATION
2004 Third Avenue, Birmingham, Ala.
Under Strict State Supervision

New York

6% On Systematic Savings
SERIAL
BUILDING LOAN & SAVINGS INSTITUTION
195 BROADWAY · 170 FULTON ST.
NEW YORK
UNDER SUPERVISION N.Y. STATE BANKING DEPT.
SEND FOR BOOKLET
5% On Save as You Please Accounts

Florida

8% and safety

This Company has the proud record of not having lost a dollar, and has always paid 8 per cent dividends, payable 2 per cent quarterly. We do not employ solicitors nor charge a membership or withdrawal fee. All shares are non-assessable, sold and redeemed at par, plus declared dividends. Note our steady growth:

April 5, 1921, $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.73
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
Dec. 31, 1928, $2,615,836.59

[ALL LOANS FULLY COVERED BY WINDSTORM INSURANCE]

Home Building & Loan Company

Authorized Capital $5,000,000.00
Under State Supervision
E. M. MILLER, *Sec'y-Treas.*
16-18 Laura St., Jacksonville, Florida

EARN 8% ON YOUR MARCH FUNDS

INVESTMENT SHARES AND PASS BOOK ACCOUNTS IN THIS ASSOCIATION ARE SAFE.

They meet every requirement of a conservative and liquid investment.

SUBSTANTIAL cash reserve insures availability. Selected first mortgages on carefully appraised homes provides complete security.

100% fire and windstorm insurance is an absolute safeguard. No membership fees, and shares are non-assessable.

CONSERVATIVE management, state supervision and first-class banking references.

Other details on request. Write name and address on margin and MAIL TODAY.

FORT PIERCE BUILDING & LOAN ASSOCIATION
FORT PIERCE FLORIDA
P. O. Box 1318-H

Tennessee

Double your money in 8 years with Safety

"Progressive" full participating shares now paying 2% quarterly, compounded, equal to 8½% annually. At this rate, $1,000.00 grows to $2,000.00 in 8 years. Deposits as little as $5 monthly accepted. Under supervision State Banking Department. Full details gladly given.

Progressive Bldg. & Loan Assn.
83 Monroe Ave. Memphis, Tenn.

Dividends and Interest

Middle West Utilities Company

Notice of Dividend on Prior Lien Stock

The Board of Directors of Middle West Utilities Company has declared a quarterly dividend of two Dollars ($2.00) upon each share of the outstanding Prior Lien Stock, having a par value of $100 a share, and One Dollar and Fifty Cents ($1.50) upon each share of the outstanding $6 Cumulative Non Par Prior Lien Stock, payable March 15, 1929, to the holders of such Prior Lien Stock, respectively, of record on the company's books at the close of business at 5:00 o'clock P. M., February 28, 1929.

EUSTACE J. KNIGHT,
Secretary.

CANADIAN PACIFIC RAILWAY COMPANY

DIVIDEND NOTICE

Dividend No. 131

At a meeting of the Board of Directors held today the following dividends were declared:

On the Preference Stock, two per cent for the half year ended 31st December last;

On the Common Stock, two and one-half per cent for the quarter ended 31st December last, from railway revenues and Special Income;

Both dividends are payable 1st April next to Stockholders of record at three P. M. on 1st March next.

By order of the Board,

ERNEST ALEXANDER, Secretary.

Montreal, 11th February, 1929.

Underwood Elliott Fisher Company

The Board of Directors of Underwood Elliott Fisher Company at its regular monthly meeting held February 14, 1929, declared a dividend of $1.75 a share on the preferred Stock, a dividend of $1.75 a share on the Series B. Preferred stock and a dividend of $1.00 a share on the Common Stock of the Company, payable March 30, 1929, to stockholders of record at the close of business March 12, 1929.

C. S. DUNCAN, Treasurer.

Tennessee Copper and Chemical Corporation

61 Broadway, New York

February 8, 1929.

The Board of Directors of the Tennessee Copper and Chemical Corporation has this day declared a quarterly dividend of twenty-five cents (25c) per share on the issued and outstanding capital stock of the company, payable March 15, 1929, to stockholders of record at the close of business February 28, 1929. The transfer books of the company will not close.

E. H. WESTLAKE, Treasurer.

THE UNITED GAS IMPROVEMENT CO.

N. W. Cor. Broad and Arch Streets

Philadelphia, Pa., January 23, 1929

The Directors have this day declared a quarterly dividend of two and one quarter percent ($1.12½ per share) on the Capital Stock of this Company, payable March 30, 1929, to stockholders of record at the close of business February 28, 1929.

Checks will be mailed.

I. W. MORRIS, Treasurer.

SUPERPOWER

(Continued from page 731)

section of New York. In time this system may be extended to include a much greater area.

Organization Along State Lines Uncertain

It is difficult to picture the ultimate scope of the United Corporation or other similar organizations or possible changes in their methods or policies of operation. It may be, as has already been suggested in some quarters, that operating units will eventually be reorganized along state lines which means that there will be a single operating company in each state distributing electrical energy within that state alone so as to bring its activities within the control of a single public regulating body, but so long as power is to be transmitted from system to system, the primary purpose of the whole superpower idea, the advantages of recasting operating units along state lines are not clearly apparent. Questions regarding the rates to be charged for electricity generated in one state and transmitted to and distributed in another seem certain to arise in time under such conditions, and conficts between policies and commissions in the various states concerned. Transmission of electrical energy across state lines would almost certainly be deemed interstate commerce and in case of serious controversies some system for federal regulation of the industry may become necessary or advisable.

Without doubt many problems will arise and some of them may prove difficult but probably all can be solved. The purpose of superpower being to secure greater economy and efficiency in the operation of a great industry we have an entirely sound economic basis for a development which is wholly in accord with the trend of the times. Merely because, apparently, certain real obstacles must be overcome before the fullest development of such systems can be assured does not mean that the ultimate success of sound projects of this type is involved in serious doubts.

Appraisal of Securities

Securities of superpower organizations are, by their nature, at the very apex of the complex financial pyramids characteristic of our public utility financing, the whole structure resting ultimately upon the earnings of the operating companies at the base.

Holding companies, sometimes a series of them, investment trusts, and super holding companies have been built up all depending on the success of the lowly operating company at the bottom of the financial skyscraper and it becomes very difficult for the buyer of securities of the latest organized concerns to appraise correctly the equities back of his holdings. The progress of the industry in recent years has been so rapid and steady that this complicated financial superstructure has been easily supported and owners of stocks of practically all of the great electric power systems have seen the earning power and the market value of their securities follow a steady and often spectacular upward trend and there seems to be no reason to anticipate an early reversal of this trend. Whether or not the growth of the industry can be expected to continue indefinitely at the present rate is another question, but such development is very closely allied with the general prosperity and progress of the nation.

In the purchase of securities of corporations of the superpower type for long term holding about all that can be said is that the investor should assure himself so far as possible of the economic soundness of the project and estimate as accurately as he can the real value and demonstrated earning power back of the equities he proposes to hold. These factors cannot easily be reduced to figures but they are, together with the records for efficiency and integrity back of the operating management and the bankers sponsoring the issue, the only bases upon which the investment merits of the securities may be judged.

KEEP POSTED

BIGGER INVESTMENT RETURNS

Secure this booklet and see how the three Methods used by a prominent financial service can help you increase and protect your capital. (439).

"SHARES IN AMERICA"

An illustrated booklet, now in its fourteenth edition, showing how the conservative investor may acquire a participating interest in America's greatest corporations. (469).

STOCK EXCHANGE SERVICE FOR THE SMALL INVESTOR

If you would like the same service from a Stock Exchange house that a full lot investor demands, you will want to place your orders through this prominent house. Send for this booklet. (481).

CONVERTIBLE SECURITIES

During the past few years there has been a decided trend among investors toward securities of the convertible type. The reason for this is to enable holders of fixed income securities, such as bonds and preferred stocks, to share in some measure with the common stockholders in the future growth and prosperity of the issuing corporation. If you are interested in this attractive form of security, send for an interesting 24-page booklet issued by Geo. H. Burr & Co., a prominent investment house, which contains a list of promising convertible preferred stocks and bonds. Ask for 494.

INCREASING YOUR INCOME RETURN

The three factors that enter into the stability of a security are indispensability, growth and protection. Public Utility securities having these all-important attributes offer you the ideal investment. The firm of G. L. Ohrstrom will gladly mail you free of charge a copy of their interesting 20-page booklet, "Increasing Your Income Return," which contains some attractive public utility investments sponsored by this well-known house. Ask for 495.

EACH WEEK

In the market letter issued by McClave & Company, prominent New York Stock Exchange house, a short history, present position and prospects for the securities of a company whose stock is listed on the "Big Board" is given. If you are desirous of becoming market-wise, send for (499).